

1 AN ACT relating to the expansion of gaming and making an appropriation therefor.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO
4 READ AS FOLLOWS:

5 *The General Assembly hereby finds and declares that:*

6 *(1) The budget difficulties being experienced by the Commonwealth call for creative*
7 *solutions that generate revenue, enhance the Kentucky tourism industry to draw*
8 *in revenue from outside the state, and create new entertainment options for the*
9 *citizens of the state;*

10 *(2) The Kentucky Lottery Corporation, created by this chapter, has a long history of*
11 *administering games for the benefit of the Commonwealth and ensuring an*
12 *accurate and transparent accounting process for the proceeds generated by*
13 *lottery games;*

14 *(3) The horse racing industry is one (1) of Kentucky's distinguishing characteristics*
15 *and is a prominent tourism resource for the Commonwealth with a long history*
16 *of conducting legal, regulated, pari-mutuel wagering at licensed horse racing*
17 *tracks. Horse racing tracks currently operate in limited areas of the*
18 *Commonwealth where pari-mutuel wagering has been accepted, and the*
19 *operation of expanded gaming at racetracks would not conflict with established*
20 *community moral standards; and*

21 *(4) The General Assembly's intention is to authorize and responsibly control the*
22 *conduct of expanded gaming by:*

23 *(a) Limiting the locations of expanded gaming to:*

24 *1. No more than four (4) free-standing casinos to be located in precincts*
25 *that approve the conduct of expanded gaming; and*

26 *2. Horse racing tracks that already conduct pari-mutuel wagering, which*
27 *shall be allowed to conduct electronic games, but shall not be allowed*

1 full casino gaming;

2 (b) Educating the public about the dangers associated with problem and
3 compulsive gambling;

4 (c) Prohibiting participation in expanded gaming by any person under twenty-
5 one (21) years of age; and

6 (d) Strictly regulating expanded gaming to promote public confidence in the
7 honesty and integrity of those conducting it.

8 ➔Section 2. KRS 154A.010 is amended to read as follows:

9 As used in this chapter, unless the context requires otherwise:

10 (1) "Amateur athletics" means any interscholastic athletics in which the participating
11 athletes are elementary or secondary school students of any public or private
12 institution of learning; any intercollegiate athletics in which the participating
13 athletes are students of any public or private institution of higher education; or any
14 athletics sponsored or regulated by the following amateur athletic associations
15 including, but not limited to:

- 16 (a) United States Olympic Committee;
17 (b) National Collegiate Athletic Association;
18 (c) National Association of Intercollegiate Athletics;
19 (d) Kentucky High School Athletic Association;
20 (e) Kentucky Amateur Athletics Union;
21 (f) Bluegrass State Games;
22 (g) Little League Baseball;
23 (h) Amateur Softball Association;
24 (i) Babe Ruth Leagues of Kentucky;
25 (j) American Legion Baseball;
26 (k) Kentucky Youth Soccer Association; or
27 (l) Kentucky Special Olympics;

- 1 (2) "Authorizing location" means a precinct which has conducted a local option
2 election to permit casino gaming within the boundary of the precinct;
- 3 (3) "Casino" means a facility at which gaming may be conducted, including games
4 using cards, dice, roulette wheels, and electronic gaming devices, upon approval
5 by the corporation;
- 6 (4) "Corporation" means the Kentucky Lottery Corporation;
- 7 (5) "County" means a county, urban-county government, consolidated local
8 government, charter county government, or unified local government within the
9 Commonwealth of Kentucky;
- 10 (6) "County legislative body" means:
- 11 (a) In a county, the fiscal court;
12 (b) In an urban-county government, the urban-county council;
13 (c) In a consolidated local government, the metro council;
14 (d) In a unified local government, the legislative council; and
15 (e) In a charter county government, the charter county government legislative
16 body;
- 17 (7) "Department" means the Kentucky Department of Revenue;
- 18 (8) "Full casino gaming" means the operation of:
- 19 (a) Electronic games such as slot machines; and
20 (b) Table games, including but not limited to games such as poker, blackjack,
21 and roulette;
- 22 (9) "Gaming licensee" means a person licensed to operate a casino under this
23 chapter;
- 24 (10) "Gross gaming revenue" means the handle less the total value of cash, vouchers,
25 tokens, or other indicators of value redeemed as winnings by players, excluding
26 any promotional free play credits or tokens;
- 27 (11) "Handle" means the total dollar value of cash, tokens, or other indicators of

1 value wagered by players;

2 (12) "Licensee" means a person holding a license issued under this chapter to:

3 (a) Operate a casino;

4 (b) Operate a limited casino;

5 (c) Supply gaming equipment; or

6 (d) Work within the gaming industry in any of the occupations the corporation

7 has deemed to be a licensed occupation under the authority of this chapter;

8 (13) "Limited casino gaming" means the operation of only electronic gaming
9 machines such as slot machines. Limited casino gaming does not include table
10 games such as poker, blackjack, or roulette;

11 (14)~~[(3)]~~ "Lottery" means any game of chance approved by the corporation and
12 operated pursuant to this chapter, except for games prohibited by the General
13 Assembly as provided for in KRS 154A.063;

14 (15)~~[(4)]~~ "Major lottery-specific procurement" means any gaming product or service,
15 including~~[-]~~ but not limited to~~[-]~~ major advertising contracts, annuity contracts,
16 prize payment agreements, consulting services, personal service contracts,
17 equipment, tickets, and all other products and services unique to the operation of the
18 corporation in its lottery activities, but not including materials, supplies, equipment,
19 and services common to the ordinary operations of a corporation;

20 (16) ~~[(5)]~~ "President" means the president of the Kentucky Lottery Corporation who
21 shall also serve as chief executive officer of the corporation;

22 (17) "Principal" means any of the following individuals associated with a
23 partnership, trust, association, limited liability company, or corporation that is
24 licensed or applies for a license under this chapter:

25 (a) The chairperson and all members of the board of directors of a corporation;

26 (b) All partners of a partnership and all participating members of a limited
27 liability company;

- 1 (c) All trustees and trust beneficiaries of an association;
- 2 (d) The president or chief executive officer and all other officers, managers,
- 3 and employees who have policy-making or fiduciary responsibility within
- 4 the organization;
- 5 (e) All stockholders or other individuals who own, hold, or control, either
- 6 directly or indirectly, five percent (5%) or more of stock or financial interest
- 7 in the collective organizations; and
- 8 (f) Any other employee, agent, guardian, personal representative, or lender or
- 9 holder of indebtedness who has the power to exercise a significant influence
- 10 over the applicant's or licensee's operation;

11 ~~(18)~~~~(6)~~ (a) With respect to an individual, "related entity" means any spouse, child,

12 brother, sister, or parent residing as a member of the same household in the

13 principal place of abode of the individual, and any entity with respect to which

14 the individual, or spouse, child, brother, sister, or parent of the individual has

15 a financial interest of five percent (5%) or more, or is an officer, director,

16 employee, or partner; and

17 (b) With respect to any partnership, corporation, joint venture, or other entity,

18 "related entity" means any officer, director, employee, partner, or owner of a

19 financial interest of five percent (5%) or more of the total value thereof; any

20 parent, subsidiary, or brother corporation; and any other entity with which the

21 given entity has an identity of ownership of fifty percent (50%) or more.

22 ~~(19)~~~~(7)~~ "Retailer" means any person with whom the corporation has contracted to sell

23 lottery tickets to the public;

24 ~~(20)~~~~(8)~~ "Security" means the protection of information that would provide an unfair

25 advantage to any individual or other entity involved or seeking involvement in the

26 operation of the lottery or the supply of major lottery-specific procurement items to

27 the corporation, and the protection of:

1 (a) Information that relates to detection or deterrence of, or could assist in the
2 perpetration of, crimes against the corporation or its retailers, their locations,
3 or their employees; or

4 (b) Information which could impair or adversely impact the ability of the
5 corporation or its retailers to protect the integrity of the lottery or protect
6 lottery equipment, supplies, or proceeds;

7 ~~(21)~~~~(9)~~ "Sports contest" means any professional or amateur sport, athletic game or
8 contest, or race or contest involving machines, persons, or animals, except horses,
9 that is viewed by the public; and

10 ~~(22)~~~~(10)~~ "Vendor" means any person who has entered into a major lottery-specific
11 procurement contract with the corporation.

12 ➔Section 3. KRS 154A.030 is amended to read as follows:

13 (1) (a) The affairs of the corporation shall be administered by a board of directors
14 composed of twelve (12)~~eight (8) members~~.

15 (b) One (1) member of the board shall be the State Treasurer, one (1) member
16 shall be the executive director of the Kentucky Horse Racing Commission,
17 and one (1) member shall be the Kentucky Auditor of Public Accounts or
18 his or her designee, and these three (3) members~~who~~ shall serve on the
19 board in an ex officio capacity.

20 (c) The other nine (9)~~seven (7)~~ members shall be appointed by the Governor,
21 subject to the advice and consent of the Senate, with the following
22 restrictions:

23 1. One (1) board member shall be a licensed attorney and member in
24 good standing with the Kentucky Bar Association who shall have
25 demonstrated expertise in the fields of business and corporate law and
26 commercial transactions; and

27 2. One (1) board member shall be certified as a peace officer in the

1 Commonwealth of Kentucky and shall have demonstrated expertise in
2 complex criminal investigations involving theft, embezzlement, money
3 laundering, financial fraud, or criminal syndication and organized
4 crime.

5 (d) Members appointed when the Senate is not in session shall serve only until the
6 next regular session, or special session if such matter is included in the call
7 therefor of the General Assembly, at which time they shall be subject to
8 confirmation by the Senate. If the Senate is not in session, the appointments
9 shall be subject to review by the Interim Joint Committee on State
10 Government which shall hold a public hearing and shall transmit its
11 recommendations to the Senate. Should the Senate refuse to confirm a
12 member then the member~~he~~ shall forfeit his or her office as of the date on
13 which the Senate refuses to confirm him or her. Any person not confirmed by
14 the Senate shall not be reappointed as a member for a period of two (2) years.
15 Members appointed by the Governor, and confirmed by the Senate, shall be
16 residents of the Commonwealth of Kentucky and serve a term of four (4)
17 years~~[-, except that of the initial members appointed, two (2) shall be appointed~~
18 ~~for one (1) year with the term ending on the twenty-eighth (28th) day of~~
19 ~~November, 1989; two (2) shall be appointed for two (2) years with the term~~
20 ~~ending on the twenty-eighth (28th) day of November, 1990; two (2) shall be~~
21 ~~appointed for three (3) years with the term ending on the twenty-eighth (28th)~~
22 ~~day of November, 1991; and one (1) shall be appointed for four (4) years with~~
23 ~~the term ending on the twenty-eighth (28th) day of November, 1992].~~

24 (e) Members, confirmed by the Senate, may serve thirty (30) days beyond the end
25 of their respective terms if their successors have not been appointed and
26 qualified. If the Governor fails to appoint a successor within thirty (30) days
27 of expiration of a member's term, the board shall make the appointment.

1 (f) No appointed member shall serve more than two (2) consecutive four-year
2 terms.

3 (g) No more than six (6)~~four (4)~~ of the members appointed by the Governor
4 shall be from the same political party.

5 (h) Appointed members may be removed by the Governor for neglect of duty,
6 misfeasance, or nonfeasance in office.

7 (i) The board shall annually elect a chairman from among its appointed members.

8 (2) (a) No member of the board of directors, by himself or herself or through others,
9 shall knowingly:

10 1. Use or attempt to use his or her influence in any manner which involves
11 a substantial conflict between his or her personal or private interest and
12 his or her duties to the corporation;

13 2. Use or attempt to use any means to influence the corporation in
14 derogation of the corporation;

15 3. Use his or her official position or office to obtain financial gain for
16 himself or herself, or any spouse, parent, brother, sister, or child of the
17 director; or

18 4. Use or attempt to use his or her official position to secure or create
19 privileges, exemptions, advantages, or treatment for himself or herself
20 or others in derogation of the interests of the corporation or of the
21 Commonwealth.

22 (b) No director shall appear before the board or the corporation in any manner
23 other than as a director.

24 (c) A director shall abstain from action on an official decision in which he or she
25 has or may have a personal or private interest, and shall disclose the existence
26 of that personal or private interest in writing to each other member of the
27 board on the same day on which the director becomes aware that the interest

1 exists or that an official decision may be under consideration by the board.
2 This disclosure shall cause the decision on these matters to be made in a
3 meeting of the members of the board who do not have the conflict from which
4 meeting the director shall be absent and from all votes on which matters the
5 director shall abstain.

6 (d) In determining whether to abstain from action on an official decision because
7 of a possible conflict of interest, a director shall consider the following
8 guidelines:

- 9 1. Whether a substantial threat to his or her independence of judgment has
10 been created by his or her personal or private interest;
- 11 2. The effect of his or her participation on public confidence in the
12 integrity of the corporation and the lottery;
- 13 3. Whether his or her participation is likely to have any significant effect
14 on the disposition of the matter;
- 15 4. The need for his or her particular contribution, such as special
16 knowledge of the subject matter, to the effective functioning of the
17 corporation; and
- 18 5. Whether the official decision will affect him or her in a manner
19 differently from the public, or will affect him or her as a member of a
20 business, profession, occupation, or group to no greater extent generally
21 than other members of his or her business, profession, occupation, or
22 group.

23 Any director may request a vote of the disinterested members of the board on
24 whether any director shall abstain from action on an official decision.

25 (e) No director, in order to further his or her own economic interests, or those of
26 any person, shall knowingly disclose or use confidential information acquired
27 in the course of his or her official duties.

- 1 (f) No director shall knowingly receive, directly or indirectly, any interest or
2 profit arising from the use or loan of lottery funds or funds to be raised
3 through the lottery.
- 4 (g) No director shall knowingly accept compensation, other than that provided in
5 this section for directors, for performance of his or her official duties.
- 6 (h) No present or former director shall, within one (1) year following termination
7 of his or her membership on the board, accept employment, compensation, or
8 other economic benefit from any person or business that contracts or does
9 business with the corporation in matters in which he or she was directly
10 involved during his or her tenure. This provision shall not prohibit an
11 individual from continuing in the same business, firm, occupation, or
12 profession in which he or she was involved prior to becoming a director,
13 provided that, for a period of one (1) year following termination of his or her
14 position as a director, he or she personally refrains from working on any
15 matter in which he or she was directly involved as a director.
- 16 (i) No director, and no spouse, child, brother, sister, or parent of that director
17 shall have a financial interest of more than five percent (5%) of the total value
18 of any:
- 19 1. Vendor~~[-]~~ or other supplier of goods or services to the corporation~~[-]~~;
- 20 2. Retailer~~[-]~~ or related entity;
- 21 3. *Gaming licensee licensed under this chapter to conduct full or limited*
22 *casino gaming; or*
- 23 4. *Gaming licensee licensed under this chapter to supply casino gaming*
24 *equipment or material.*
- 25 (j) The corporation shall provide each member of the board with a list of all
26 current vendors, *gaming licensees, and licensed suppliers of casino gaming*
27 *equipment and material,* which shall be updated on at least a quarterly basis.

- 1 (3) Appointed members of the board of directors shall be entitled to five thousand
2 dollars (\$5,000) per year as remuneration for serving on the board, except for the
3 chairman, who shall receive seven thousand five hundred dollars (\$7,500), and all
4 members shall be reimbursed for necessary travel and other reasonable expenses
5 incurred in the performance of their official duties.
- 6 (4) The board, upon call of the chairman or the president, shall meet at least monthly
7 for the first eighteen (18) months after the effective date of this Act, and bimonthly
8 thereafter and at such other times as the chairman or the president may determine.
9 Seven (7)~~Four (4)~~ members of the board shall constitute a quorum. The board
10 shall also meet upon call of five (5)~~three (3)~~ or more of the voting members of the
11 board. The board shall keep accurate and complete records of all its meetings.
- 12 (5) The State Treasurer, the executive director of the Kentucky Horse Racing
13 Commission, and the Auditor of Public Accounts or the Auditor's designee shall
14 not be compensated for their~~his~~ service on the board.
- 15 (6) The president of the corporation shall be appointed by the Governor subject to
16 confirmation by the board of directors. Should the board of directors refuse to
17 confirm the appointment of the president, then the Governor shall submit another
18 name. The person whose appointment was refused shall not be renamed for
19 confirmation for a period of two (2) years. The board of directors shall meet within
20 thirty (30) days of the date the Governor submits the name of a nominee for
21 president of the corporation and shall, within that time frame, either approve or
22 reject the nomination. The president of the corporation shall manage the daily
23 affairs of the corporation and shall have such powers and duties as specified by
24 KRS 154A.070 and by the board of directors. The president shall not be a member
25 of the board. The president of the corporation may be removed by the board of
26 directors.
- 27 (7) All meetings of the board shall be open unless they may be closed under KRS

61.810 or relate to trade secrets, legally-protectable intellectual property, confidential proprietary information, the security of the corporation in the operation of the lottery or casino gaming, or the security of the lottery's retailers or licensees.

➔Section 4. KRS 154A.040 is amended to read as follows:

(1) All records of the corporation shall be deemed open records and subject to public inspection, unless:

(a) The record is excluded from inspection under KRS 61.870 to 61.884 under KRS 61.878;

(b) The record involves a trade secret or other legally-protectable intellectual property or confidential proprietary information of the corporation or of a vendor or licensee; or

(c) The disclosure of the record could impair or adversely impact the security of the corporation in the operation of the lottery or casino gaming, or the security of lottery retailers or licensees.

(2) The provisions of KRS 61.878, 61.880, and 61.884 shall apply to records of the lottery corporation with the exception that the only Circuit Court with jurisdiction over the records of the lottery corporation is the Circuit Court in the county where the corporate headquarters of the lottery corporation is located.

➔Section 5. KRS 154A.063 is amended to read as follows:

(1) The corporation shall not utilize amateur athletics for any purpose including, but not limited to, advertising, promoting, conducting a lottery, or as a basis for a lottery.

(2) ~~{The corporation shall not approve and operate any casino or similar gambling establishment and shall not approve or operate any game played with playing cards, dice, dominos, slot machines, roulette wheels, or where winners are determined by the outcome of a sports contest.~~

~~(3)~~—This section shall not be construed to prohibit the corporation from advertising the lottery at, during, or in connection with a sports contest.

1 ➔ SECTION 6. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO
2 READ AS FOLLOWS:

3 (1) An application for the placement of a casino and the beginning of full casino
4 gaming shall not be approved by the corporation unless the precinct within which
5 the casino is to be located has approved the establishment of a casino by local
6 option election.

7 (2) Local option elections for the purpose of approving full casino gaming may only
8 be conducted when:

9 (a) The county or city legislative body approves an ordinance directing an
10 election to be held in that precinct; or

11 (b) A petition for an election is signed by a number of constitutionally qualified
12 voters of the precinct equal to twenty-five percent (25%) of the votes cast in
13 the precinct in the last preceding regular election.

14 (3) If a petition for a local option election for the purpose of approving the conduct
15 of casino gaming is circulated:

16 (a) The petition:

17 1. May consist of one (1) or more separate units;

18 2. In addition to the name of the voter, shall also state his or her
19 residence address, date of birth, and the correct date upon which his
20 or her name was signed; and

21 3. Shall specify that the election is to be held to allow the operation of a
22 casino within the precinct;

23 (b) No signer may withdraw his or her name or have it taken from the petition
24 after the petition has been filed. If the name of any person has been placed
25 on the petition without his or her authority:

26 1. He or she may appear before the county judge/executive before the
27 election is ordered and, upon proof that his or her name was placed on

- 1 the petition without his or her authority, that name shall be eliminated
2 by an order of the county judge/executive; and
- 3 2. When his or her name has been eliminated, that name shall not be
4 counted as a petitioner;
- 5 (c) No petition for a local option election for the purpose of approving the
6 conduct of casino gaming shall be circulated for more than six (6) months
7 prior to its filing; and
- 8 (d) After a petition for election has been filed with the county clerk, the county
9 judge/executive shall make an order on the order book of the county
10 legislative body directing an election to be held in that precinct.
- 11 (4) The date of the local option election:
- 12 (a) May be stated in the ordinance passed by the county or city legislative body;
13 (b) May be stated in the petition for election; or
14 (c) If the date is not stated, shall be designated by the county judge/executive.
- 15 (5) The local option election shall be held:
- 16 (a) During the next regular election; or
17 (b) Not earlier than sixty (60) days nor later than ninety (90) days after:
18 1. The adoption of the ordinance by the county or city legislative body; or
19 2. The date the petition is filed with the county clerk.
- 20 (6) The local option election may be held on the same day that a regular election is
21 held, or on a day other than a regular election day.
- 22 (7) The proposition to be voted upon shall be stated without emblems, and voters
23 shall designate a "Yes" or a "No" vote. In any election the form of the
24 proposition shall be, "Are you in favor of the operation of casino gaming in
25 (name of precinct)?"
- 26 (8) No local option election on casino gaming shall be held in the same precinct
27 more than once every three (3) years.

1 (9) The person or persons sponsoring the petition drive shall agree to reimburse the
2 county for the costs of the local option election for casino gambling held on any
3 day other than a regular election day.

4 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO
5 READ AS FOLLOWS:

6 (1) Within five (5) days after the county judge/executive orders an election, the
7 county clerk shall give to the sheriff a certified copy of the order.

8 (2) The sheriff shall:

9 (a) Have the order published pursuant to KRS Chapter 424 in the county;

10 (b) Advertise the order by written or printed handbills posted at not less than
11 five (5) conspicuous places in the precinct for two (2) weeks before the
12 election; and

13 (c) Report to the county judge/executive that the notices have been published
14 and posted.

15 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO
16 READ AS FOLLOWS:

17 If an election to approve casino gaming is to be on a day other than a regular election
18 day, then:

19 (1) Not more than twenty (20) days prior to an election, any group of citizens that in
20 good faith favors or opposes the proposition to be submitted may file with the
21 chair of the county board of elections a petition asking that it be recognized as the
22 committee entitled to nominate election officers and to certify:

23 (a) Challengers;

24 (b) Witnesses to the counting of the votes and certification of the results; and

25 (c) Guards to assist in guarding the boxes or machines containing the votes
26 which have been cast during the period which the group desires;

27 (2) If more than one (1) group claims the right to nominate election officers and

1 certify challengers, witnesses, and guards, the county board of elections shall
2 promptly decide and publicly announce which committee is entitled to nominate
3 officers and certify challengers, witnesses, and guards;

4 (3) The decision of the county board of elections required under subsection (2) of
5 this section may be appealed to the county judge/executive, and, upon hearing,
6 the county judge/executive shall determine which group shall be recognized;

7 (4) The respective committees advocating and opposing the proposition shall each
8 file with the chair of the county board of elections before the time designated for
9 the selection of officers a list of not more than four (4) persons possessing the
10 qualifications of election officers, and the board of elections shall appoint the
11 officers from those lists as provided in subsection (6) of this section;

12 (5) The committees may sign and issue certifications designating:

13 (a) Challengers at the polls;

14 (b) Witnesses to the count of votes; and

15 (c) Guards to assist in guarding the boxes containing the vote which have been
16 cast, in the same manner as political committees under the general election
17 laws; and

18 (6) The county board of elections, not more than fifteen (15) and not less than ten
19 (10) days before the day appointed for the holding of the election, shall:

20 (a) Appoint officers to conduct the election in the manner provided by general
21 election laws;

22 (b) Make equal division of officers between those favoring and those opposing
23 the proposition, instead of between political parties; and

24 (c) Make the same equal division of challengers at the polls, of witnesses at the
25 count, and of guards to guard the boxes.

26 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO
27 READ AS FOLLOWS:

1 (1) The result of the election shall be certified by the county board of elections.

2 (2) The certificate of the result shall be immediately filed with the county clerk, and
3 the county judge/executive shall have the certificate entered on the order book.

4 (3) The entry of the certificate, or an attested copy thereof, shall be prima facie
5 evidence of the result of the election in actions under this chapter.

6 (4) An attested copy of the certificate of the result shall be forwarded by the county
7 clerk to the corporation.

8 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
9 TO READ AS FOLLOWS:

10 (1) After receipt of a certificate of results from a county clerk and validation of the
11 requirements, the corporation shall advertise an invitation to bid for an initial
12 casino license.

13 (2) The corporation shall be the only government agency in the Commonwealth
14 authorized to solicit bids for the purpose of licensing a casino.

15 (3) Advertisements for an invitation to bid for an initial casino license:

16 (a) Shall be placed in at least two (2) newspapers with the largest circulation
17 within the Commonwealth;

18 (b) May be advertised on the Internet or other electronic media of general
19 circulation;

20 (c) May not be conducted by mail, phone, or other media directly to a company
21 or companies involved in the casino gaming industry;

22 (d) Shall contain a description of the geographical area involved and note the
23 location of any racing associations licensed under KRS Chapter 230 within
24 the geographical area;

25 (e) Shall include any restrictions on the casino the county or city deems
26 necessary;

27 (f) Shall include a description from the county or city of the minimum

1 acceptable facility;

2 (g) Shall include a requirement that responses to the invitation to bid be
3 submitted to and received by the corporation within sixty (60) days of the
4 date of the initial advertisement; and

5 (h) Shall include a requirement that responses include:

6 1. The planned location of the casino;

7 2. A description of the planned facility and any amenities to be included
8 in addition to the casino;

9 3. The number of employees planned for the facility;

10 4. Estimated annual gross gaming revenue; and

11 5. Any other information the corporation deems necessary or relevant.

12 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
13 TO READ AS FOLLOWS:

14 (1) (a) The corporation, with input from the county or city in which the full casino
15 shall be located, shall evaluate all proposals for full casinos to determine
16 feasibility.

17 (b) Factors to be evaluated for feasibility shall be those specified in subsection
18 (3)(h) of Section 10 of this Act.

19 (c) Proposals found to be not feasible shall be returned to the respondent by the
20 corporation with a detailed explanation for finding the proposal to be not
21 feasible.

22 (d) A copy of any returned proposal and the explanation for finding it not
23 feasible shall be retained by the corporation and shall be a public record to
24 be furnished upon request to any interested party.

25 (2) Sixty (60) days after issuing the initial invitation to bid, the corporation shall stop
26 accepting bids.

27 (3) Proposals found to be feasible shall be ranked based upon the total value of the

1 response to the invitation to bid.

2 (4) The initial casino license shall be provisionally awarded to the respondent with
3 the highest value bid within four (4) business days after the sixty (60) day bidding
4 deadline if the respondent:

5 (a) Successfully completes all aspects of the initial casino licensing process;

6 (b) Provides full payment of the initial licensing fee to the corporation within
7 thirty (30) days after bid award; and

8 (c) Provides any additional information the corporation requests.

9 (5) If the respondent provisionally awarded the initial license is unable to fulfill the
10 requirements of paragraphs (a), (b), and (c) of subsection (4) of this section:

11 (a) The provisional award shall be withdrawn; and

12 (b) The respondent with the next highest bid value shall be provisionally
13 awarded the initial license.

14 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
15 TO READ AS FOLLOWS:

16 (1) (a) The initial licensing fee for a full casino shall be fifty million dollars
17 (\$50,000,000).

18 (b) An initial full casino license shall be valid for a period of ten (10) years
19 from the date of issuance.

20 (c) No additional full casino licenses shall be issued during the ten (10) year
21 term of the initial casino license.

22 (2) In addition to the initial license fee specified in subsection (1) of this section,
23 after the initial ten (10) year licensing period, each casino licensee shall also pay
24 an annual licensing fee of six million dollars (\$6,000,000) for ongoing gaming
25 operations.

26 (3) No county or other local government shall charge any licensing fees in addition
27 to the initial licensing fee specified in subsection (1) of this section.

1 (4) Amounts paid to the corporation for casino licensing shall be used to:

2 (a) Pay for the costs of oversight and administration of casino licensure borne
3 by the corporation; and

4 (b) Amounts in excess of the amount required by paragraph (a) of this
5 subsection shall be allocated to the Kentucky Employees Retirement System
6 nonhazardous pension fund, the Kentucky Employees Retirement System
7 hazardous pension fund, and the Kentucky Teachers' Retirement System
8 pension fund in amounts the General Assembly determines best meet the
9 needs of the respective funds at that time.

10 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
11 TO READ AS FOLLOWS:

12 (1) It is the intent of this chapter to permit the licensing of limited casinos at horse
13 racing tracks licensed under KRS Chapter 230 as of January 1, 2017.

14 (2) (a) An application for limited casino gaming shall not be approved by the
15 corporation unless:

16 1. The precinct in which the applicant is located has approved casino
17 gaming by local option election as specified in Sections 6, 7, 8, and 9
18 of this Act;

19 2. A statement has been received by the corporation from the Department
20 of Revenue reciting that all state taxes owed by the applicant have
21 been paid;

22 3. A statement has been received by the corporation from the Division of
23 Unemployment Insurance in the Department of Workforce Investment
24 reciting that all employer contributions, interest, penalties, and service
25 capacity upgrade fund assessments have been paid; and

26 4. A statement has been received by the corporation from the county
27 treasurer of the county in which the applicant conducts business

1 stating that there are no delinquent real or personal property taxes
2 owed by the applicant.

3 **(b) For the purpose of this subsection, taxes, interest, and penalties are owed**
4 only if such amounts are final, due, and owing, with all administrative
5 appeals and legal actions having been waived or exhausted.

6 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
7 TO READ AS FOLLOWS:

8 **(1) Any person applying to the corporation for a license to conduct limited casino**
9 games under this chapter shall:

10 **(a) Apply on forms prescribed by the corporation;**

11 **(b) Pay an initial license fee in the amount of twenty-five million dollars**
12 **(\$25,000,000); and**

13 **(c) Pay an annual renewal fee of twenty-five thousand dollars (\$25,000).**

14 **(2) The corporation shall not finally issue a license to conduct limited casino gaming**
15 until the initial licensing fee required in subsection (1) of this section is paid in
16 full or partially, in accordance with this subsection.

17 **(3) Amounts paid to the corporation for limited casino licensing shall be allocated to**
18 the Kentucky Employees Retirement System nonhazardous pension fund, the
19 Kentucky Employees Retirement System hazardous pension fund, and the
20 Kentucky Teachers' Retirement System pension fund in amounts the General
21 Assembly determines best meet the needs of the respective funds at that time.

22 **(4) (a) The applicant shall identify, by name and address, each principal and each**
23 natural person or entity holding a legal or beneficial interest of five percent
24 (5%) or greater in the applicant.

25 **(b) When a natural person or entity acquires the status of a principal, or**
26 acquires a legal or beneficial interest of five percent (5%) or greater in an
27 approved licensee, the applicant or licensee shall supplement its application

1 with the information required for submission under this subsection within
2 thirty (30) days of acquiring knowledge of the new information.

3 (c) This requirement shall also apply if an entity or natural person ceases to
4 hold the status of a principal or ceases to hold a legal or beneficial interest
5 of five percent (5%) or greater.

6 (5) The applicant shall also submit to the corporation a copy of the application
7 previously submitted to the Kentucky Horse Racing Commission required for
8 licensing as a racetrack under KRS Chapter 230.

9 (6) The corporation shall approve an application by a racetrack licensed under KRS
10 Chapter 230 to conduct limited casino gaming if the racetrack meets the
11 requirements of this section and Section 13 of this Act.

12 (7) An application by a racetrack licensed under KRS Chapter 230 may be denied,
13 rescinded, suspended, revoked, or not renewed, if:

14 (a) The applicant track does not meet or ceases to meet the requirements for
15 issuance of the license issued under KRS Chapter 230;

16 (b) The applicant track has committed fraud in securing the license issued
17 under KRS Chapter 230 or has made a material misrepresentation of fact
18 on the application for approval to conduct casino gaming;

19 (c) The applicant track or licensee fails to submit payment of the wagering and
20 admissions taxes due under Sections 23, 24, 25, and 26 of this Act;

21 (d) The applicant track or licensee has tampered with a slot machine or other
22 electronic game by any means, including the use of an electronic, electrical,
23 or mechanical device which is designed, constructed, or programmed
24 specifically for use in obtaining an advantage in playing any historical
25 racing machine, slot machine, or other casino game; or

26 (e) The applicant track has engaged in an activity that is a violation of this
27 chapter or an administrative regulation promulgated under this chapter, the

1 nature of which would render the licensee unsuitable to continue as a
2 licensed casino operator.

3 (8) (a) For the purposes of this subsection, a "change of ownership" shall have
4 occurred if more than twenty percent (20%) of the legal or beneficial
5 interests in the licensee is transferred, whether by direct or indirect means,
6 including a transfer between family members.

7 (b) A license issued to conduct limited casino gaming under this section shall
8 not be transferable and shall be terminated upon any change of ownership,
9 unless:

10 1. The acquiring owner makes application for the issuance of a license
11 and is approved at least thirty (30) days prior to the effective date of
12 the change of ownership;

13 2. The application shall be filed and processed in accordance with this
14 section; and

15 3. A license fee shall be paid by the acquiring owner. The fee shall be
16 based upon the percentage of ownership acquired, multiplied by the
17 license fee amount specified in subsection (1) of this section.

18 (c) In the event of a change of ownership resulting from death or disability, the
19 license shall not be terminated if the successor provides notice thereof to the
20 corporation within thirty (30) days of the event and provides the corporation
21 with such other information as the corporation may reasonably request.
22 However, the license may be terminated by the corporation after a hearing
23 if the corporation determines that the successor does not meet the criteria
24 and qualifications set forth in this chapter.

25 (d) This subsection shall not apply to a corporate owner of a limited casino
26 license that has its securities registered pursuant to 15 U.S.C. secs. 78a to
27 78kk, if:

- 1 1. The corporation or entity files with the United States Securities and
- 2 Exchange Commission the reports required by 15 U.S.C. sec. 78m; or
- 3 2. The equity or securities of the corporation or entity are regularly
- 4 traded on an established securities market in the United States.

5 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
6 TO READ AS FOLLOWS:

7 (1) A track that holds a license to conduct limited casino gaming shall:

- 8 (a) During each year in which it holds the license, run at least as many live
- 9 races for the same primary breed as were run in calendar year 2018; and
- 10 (b) Simulcast at least as many live races for the same primary breed as were
- 11 simulcast in calendar year 2018, unless a temporary reduction in the
- 12 number of live races is otherwise agreed to by:

- 13 1. The Kentucky Division of the Horsemen's Benevolent and Protective
- 14 Association and the Kentucky Thoroughbred Owners and Breeders
- 15 Association, Incorporated, or their successors, for thoroughbred
- 16 racing; or
- 17 2. The Kentucky Harness Horsemen's Association, or its successor, for
- 18 standardbred racing.

19 (2) A track shall be deemed to have met the requirements of subsection (1) of this

20 section if the track is prevented from running a live race or races by reason of:

- 21 (a) Flood;
- 22 (b) Fire;
- 23 (c) Inclement weather or natural disaster; or
- 24 (d) Emergencies for other reasons beyond the control of the racetrack.

25 (3) (a) On any day during a recognized race meeting on which an approved track

26 does not run live races, unless races are canceled by an emergency as

27 described in subsection (2) of this section, the approved track shall not

1 conduct limited casino gaming.

2 **(b) This subsection shall apply to a joint limited casino facility operated by two**
3 **(2) racetracks located in the same county if any one (1) of them does not**
4 **run live races on a day or days during which either is designated by the**
5 **authority to conduct a race meeting.**

6 **(c) If racing days for a track are reduced by agreement under subsection (2) of**
7 **this section, those racing days so reduced may be awarded by the Kentucky**
8 **Horse Racing Commission to another racing association in order to ensure**
9 **that there will be no net reduction of racing days in the Commonwealth.**

10 **(4) The corporation shall authorize an approved track to operate casino gaming on**
11 **days and during hours requested by an approved track, with the days and hours**
12 **of operation specified by the track in its license application, and these days and**
13 **hours may include days during which the approved track is not conducting live**
14 **racing.**

15 **(5) For each approved track, including a facility operated jointly by two (2)**
16 **racetracks located in the same county, the job classifications, job duties, wage**
17 **rates, and benefits of all nonsupervisory positions directly related to pari-mutuel**
18 **terminal operations, money room functions associated with pari-mutuel**
19 **wagering, and the operation of historical racing machines or limited casino**
20 **games shall be established by agreement of the parties to a collective bargaining**
21 **agreement, provided that employees who are required to do so obtain the**
22 **necessary occupational licenses under this chapter.**

23 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
24 TO READ AS FOLLOWS:

25 **(1) The corporation shall not grant a license authorized under this chapter to any**
26 **entity if the corporation determines that any of the entity's principals:**

27 **(a) Has been convicted of a felony related to the security or integrity of the**

1 lottery in this or any other jurisdiction, unless at least ten (10) years have
2 passed since satisfactory completion of the sentence or probation imposed
3 by the court for each felony;

4 (b) Has been convicted of any illegal gambling activity in this or any other
5 jurisdiction, unless at least ten (10) years have passed since satisfactory
6 completion of the sentence or probation imposed by the court for each
7 conviction;

8 (c) Has been found to have violated this chapter or any administrative
9 regulation promulgated thereunder, unless at least ten (10) years have
10 passed since the violation;

11 (d) Is a vendor, employee, or agent of a casino gaming supplier;

12 (e) Resides in the same household as an officer of the corporation; or

13 (f) Has made a statement of material fact to the corporation, knowing such
14 statement to be false, unless at least ten (10) years have passed since the
15 statement was made.

16 (2) All new applicants for licenses issued by the corporation shall submit to a
17 nationwide criminal background investigation by means of a fingerprint check by
18 the Department of Kentucky State Police and the Federal Bureau of Investigation
19 at the applicant's expense. The results of the national and state criminal
20 background check shall be sent to the board by the Department of Kentucky State
21 Police.

22 (3) (a) An applicant for a casino or limited casino license shall furnish all
23 information, including:

24 1. Financial data and documents;

25 2. Certifications;

26 3. Consents;

27 4. Waivers;

- 1 5. Individual history forms; and
2 6. Other material requested by the corporation for the purpose of
3 determining qualifications for a license.

4 (b) No license may be granted, issued, or renewed to an applicant who fails to
5 provide information and documentation requested by the corporation.

6 (4) The burden of proving qualification for any license is on the applicant.

7 (5) All application, registration, disclosure forms, and other documents submitted to
8 the corporation by or on behalf of an applicant for the purpose of determining
9 qualification for a license shall be sworn to or affirmed before an officer
10 qualified to administer oaths.

11 (6) An applicant that knowingly fails to reveal any fact material to qualification or
12 that knowingly submits false or misleading material information shall be
13 ineligible for a license under this chapter.

14 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
15 TO READ AS FOLLOWS:

16 (1) Applications for a casino license, manufacturer's license, or supplier's license
17 shall be submitted on application forms furnished by the corporation. All
18 applications shall be submitted to the corporation in accordance with procedures
19 adopted through the promulgation of administrative regulations.

20 (2) The corporation shall not issue a license unless it has determined that the
21 applicant has submitted a completed application and has submitted all
22 supplemental documentation or other information the corporation may require
23 for a thorough evaluation of the applicant's proposals and qualifications.
24 Information submitted under this section shall be subject to the Kentucky Open
25 Records Act, KRS 61.870 to 61.884.

26 (3) Applications for a casino license, limited casino license, manufacturer's license,
27 or supplier's license shall contain, at a minimum, the following information:

1 (a) The name, business address, and telephone number of the applicant;

2 (b) The name, business address, and telephone number of any attorney who
3 may represent the applicant in matters before the corporation;

4 (c) The name, business address, and telephone number of any individual
5 designated by the applicant as a contact person with whom the corporation
6 shall communicate concerning the application;

7 (d) The name, business address, and telephone number of all individuals who:

8 1. Answer questions set forth in an application;

9 2. Make statements in an application; or

10 3. Provide documents or other information to be submitted to the
11 corporation in connection with an application;

12 (e) In the case of an application for a supplier's or manufacturer's license:

13 1. A licensing fee of twenty-five thousand dollars (\$25,000);

14 2. The location of the applicant's principal place of business; and

15 3. All locations at which gaming supplies and equipment furnished for
16 use in Kentucky are manufactured, assembled, or held prior to
17 distribution to gaming licensees;

18 (f) In the case of an application for a full casino license:

19 1. The applicant's principal place of business; and

20 2. The location of the proposed casino;

21 (g) A description of the applicant's ownership structure and identification of
22 the principals of the applicant;

23 (h) A statement as to whether the applicant possesses or has possessed any
24 license or other grant of authority in Kentucky or in any other state or
25 foreign country regarding:

26 1. The operation of a casino;

27 2. Any gaming-related activity; or

- 1 3. The manufacture or distribution of gaming supplies and equipment;
- 2 (i) A statement as to whether the applicant has ever had any license or other
- 3 grant of authority referred to in paragraph (h) of this subsection revoked,
- 4 denied, or not renewed, with a description of the reasons for loss of the
- 5 license or grant of authority;
- 6 (j) 1. A statement as to whether the applicant or any principal of the
- 7 applicant has been indicted for or convicted of a felony in:
- 8 a. Kentucky;
- 9 b. Any other state;
- 10 c. A federal court; or
- 11 d. A foreign country.
- 12 2. An applicant, owner, or controller possessing a conviction or subject
- 13 to indictment shall provide documentation detailing the charges, dates
- 14 of the charges, the prosecuting authorities, disposition of the charges,
- 15 and sentencing;
- 16 (k) 1. A statement as to whether the applicant or any person who owns or
- 17 controls the applicant:
- 18 a. Has been the subject of any voluntary or involuntary bankruptcy
- 19 proceeding;
- 20 b. Has been involved in a formal process to adjust, defer, suspend,
- 21 or resolve the payment of a debt; or
- 22 c. Has been served with a complaint or notice filed in a court or
- 23 with any government body concerning state, local, or federal tax
- 24 delinquency.
- 25 2. An applicant, owner, or controller shall supplement the application
- 26 with any documentation or information necessary to explain the
- 27 circumstances addressed in subparagraph 1.a. to c. of this paragraph,

1 if applicable;

2 (l) An applicant shall submit to a nationwide criminal background
3 investigation by means of a fingerprint check by the Department of
4 Kentucky State Police and the Federal Bureau of Investigation at the
5 applicant's expense. The results of the national and state criminal
6 background check shall be sent to the board by the Department of Kentucky
7 State Police;

8 (m) A statement listing the names and titles of public officials or officers of any
9 unit of Kentucky state government and their family members who:

10 1. Directly or indirectly have a financial or beneficial interest in;

11 2. Are the creditors of;

12 3. Hold a debt instrument issued by; or

13 4. Have an interest in;

14 a contractual or service relationship with an applicant for a license issued
15 under the authority of this chapter;

16 (n) In the case of an applicant for a manufacturer's or supplier's license, a
17 statement describing the types of products and services the applicant intends
18 to furnish;

19 (o) Copies of the applicant's latest federal and state income tax returns; and

20 (p) Any other information the corporation may require.

21 (4) All applicants and licensees shall report to the corporation concerning any
22 changes in information required to be submitted in an application within thirty
23 (30) days after becoming aware of the circumstance requiring them to make a
24 report.

25 (5) With respect to manufacturer's and supplier's license applications, upon a
26 determination that the applicant qualifies for the license, the corporation:

27 (a) Shall issue a manufacturer's or supplier's license within ninety (90) days of

1 its receipt of a completed application accompanied by all required fees;

2 **(b) 1. May issue a temporary manufacturer's or supplier's license if it:**

3 a. Has received a completed application with the required fees and
4 fingerprint cards;

5 b. Has initially determined the application to be materially
6 accurate; and

7 c. Is unable to issue the license within ninety (90) days after receipt
8 due to circumstances that are not the fault of the applicant.

9 2. A temporary manufacturer's or supplier's license shall be valid for a
10 period of ninety (90) days and shall not be renewed; or

11 **(c) 1. Shall deny a manufacturer's or supplier's license if the applicant does**
12 not qualify for the license.

13 2. The corporation shall issue a denial of the applicant's license if the
14 corporation determines the applicant is unqualified for a
15 manufacturer's or supplier's license upon or before the expiration of
16 the applicant's temporary license.

17 3. The corporation shall send notice of license denial in writing, and
18 service thereof shall be accomplished:

19 a. In the manner provided for service of process in civil actions; or

20 b. By certified mail, return receipt requested, to the address
21 provided by the applicant in the license application.

22 **(6) An applicant operating under the authority of a temporary manufacturer's or**
23 supplier's license shall cease all operations for which a license is required upon
24 receipt of notice of denial, or upon the expiration of the temporary license,
25 whichever is earlier.

26 **(7) An applicant aggrieved by the corporation's denial of a license application under**
27 this section may request administrative review in accordance with Section 22 of

1 this Act.

2 (8) The corporation may investigate the holder of a license at any time it determines
3 that an investigation is necessary to ensure that the license holder is in
4 compliance with this chapter.

5 (9) The holder of a manufacturer's license, supplier's license, or casino license shall
6 not transfer or assign the license without prior approval of the corporation. The
7 corporation may promulgate administrative regulations to establish criteria and
8 procedures governing the transfer of licenses.

9 (10) Unless a license is suspended, expires, or is revoked, it may be renewed annually
10 upon:

11 (a) Payment of the license and renewal fee as promulgated by the corporation
12 in administrative regulations; and

13 (b) A determination by the corporation that the holder of the license is in
14 compliance with this chapter.

15 ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
16 TO READ AS FOLLOWS:

17 No person shall sell, lease, or otherwise furnish gaming supplies and equipment in the
18 Commonwealth of Kentucky unless the person possesses a supplier's license issued by
19 the corporation.

20 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
21 TO READ AS FOLLOWS:

22 (1) A person under twenty-one (21) years of age shall not place a wager on a game at
23 a full or limited casino.

24 (2) A person under twenty-one (21) years of age shall not be permitted access to
25 areas of a full or limited casino in which games are operated.

26 (3) A gaming licensee shall limit the number of entrances to areas in which
27 gambling games are situated to facilitate compliance with this section.

➔SECTION 20. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
TO READ AS FOLLOWS:

(1) (a) The corporation shall determine the occupations related to casino gaming, and to the manufacture and supply of gaming supplies and equipment, that will require a license.

(b) The corporation shall establish the occupations through promulgation of administrative regulations.

(c) An occupational license shall be valid for twelve (12) months from the date it is issued.

(2) No individual shall be employed by a casino in an occupation for which a license is required under this chapter or administrative regulations promulgated thereunder, unless the individual possesses an occupational license authorizing the employment.

(3) The corporation may issue an occupational license to an applicant if:

(a) The applicant applies to the corporation on a form furnished by the corporation, and the corporation determines that the application is complete and materially accurate;

(b) The applicant submits to a nationwide criminal background investigation by means of a fingerprint check by the Department of Kentucky State Police and the Federal Bureau of Investigation at the applicant's expense. The results of the national and state criminal background check shall be sent to the board by the Department of Kentucky State Police;

(c) The corporation determines that the applicant is qualified to possess the license for the occupation in which the applicant has sought employment;

(d) The applicant is at least twenty-one (21) years of age;

(e) The applicant is not an unauthorized alien as defined by 8 U.S.C. sec. 1324a(h)(3); and

1 (f) The license fee is paid to the corporation at the time of application. The
2 license fee required under this section:

3 1. Shall be paid in the amount established by the corporation through
4 promulgation of administrative regulations;

5 2. The amount established by the corporation shall not be greater than
6 the cost to issue the license; and

7 3. Is nonrefundable unless the corporation does not issue the requested
8 license.

9 (4) An application for an occupational license shall contain, at a minimum, the
10 following information:

11 (a) The name, residence, address, telephone number, Social Security number,
12 and date of birth of the applicant;

13 (b) A statement as to whether the applicant possesses or has possessed an
14 occupational license in Kentucky or in any other state or foreign country
15 authorizing the applicant to work in an occupation related to casino
16 gaming;

17 (c) A statement as to whether the applicant has ever had any occupational
18 license or other grant of authority referred to in paragraph (b) of this
19 subsection revoked, denied, or not renewed, together with a description of
20 the reasons for the loss of license or grant of authority;

21 (d) A statement as to whether the applicant has been indicted for or convicted
22 of a crime in Kentucky, in any other state, in a federal court, or in a foreign
23 country. An applicant shall provide documentation detailing:

24 1. The charges;

25 2. Dates of charges;

26 3. The prosecuting authorities;

27 4. Disposition of the charges; and

1 5. Sentencing; and

2 (e) Any other information the corporation may require.

3 (5) Applicants for or holders of occupational licenses shall report to the corporation
4 concerning any changes in information required to be submitted in an
5 application within thirty (30) days after becoming aware of the circumstances
6 requiring them to make a report.

7 (6) The corporation shall issue an occupational license within thirty (30) days of
8 receipt of a completed application accompanied by the required fee and the
9 fingerprint cards necessary to process a state and national criminal history
10 record check, and upon a determination that the applicant qualifies for the
11 license.

12 (7) The corporation shall deny an occupational license if the applicant does not
13 qualify for the license.

14 (8) (a) The corporation may issue a temporary occupational license if it has
15 received a completed application with the required fees and fingerprint
16 cards, has initially determined the application to be materially accurate, and
17 is unable to issue the license within thirty (30) days after receipt due to
18 circumstances that are not the fault of the applicant.

19 (b) A temporary occupational license shall be valid for a period of ninety (90)
20 days and shall not be renewed.

21 (c) If the corporation determines that the applicant is unqualified for an
22 occupational license upon or before the expiration of the applicant's
23 temporary occupational license, it shall issue a denial of the applicant's
24 license.

25 (9) An applicant working under the authority of a temporary occupational license
26 shall cease his or her employment upon receipt of written notice of license denial,
27 or upon expiration of the temporary license, whichever is earlier.

1 (10) All notices of license denial issued under this section shall be in writing, and:

2 (a) 1. Service thereof shall be accomplished in the manner provided for
3 service of process in civil actions; or

4 2. By certified mail, return receipt requested, to the address provided by
5 the applicant in the license application; and

6 (b) A copy of the denial notice shall be mailed by certified mail, return receipt
7 requested, to the applicant's employer or prospective employer.

8 (11) Unless an occupational license is suspended, expires, or is revoked, it may be
9 renewed annually upon:

10 (a) Payment of the license and renewal fee as promulgated by the corporation
11 in administrative regulations; and

12 (b) A determination by the corporation that the holder of the license is in
13 compliance with this chapter.

14 (12) The corporation may investigate the holder of an occupational license at any time
15 it determines that an investigation is necessary to ensure that the license holder is
16 in compliance with this chapter.

17 (13) An applicant is disqualified from possessing an occupational license under this
18 chapter if he or she has been:

19 (a) Convicted of a felony in Kentucky, in any other state, or in a federal court;
20 or

21 (b) Convicted of any illegal gambling activity in Kentucky, in any other state, or
22 in a federal court;

23 unless at least two (2) years have elapsed from the date that the applicant was
24 discharged from probation, imprisonment, or parole, whichever was later.

25 (14) An applicant who has been found to have violated this chapter or any
26 administrative regulation promulgated thereunder, is disqualified from
27 possessing an occupational license under this chapter, unless at least two (2)

1 years have passed since the violation.

2 (15) Notwithstanding subsection (14) of this section, an applicant may apply to the
3 corporation for a waiver of the disqualification. The corporation may waive
4 disqualification if the disqualifying offense is a felony but is not related to:

5 (a) Theft under KRS Chapter 514;

6 (b) Bribery under KRS Chapter 521;

7 (c) Perjury under KRS Chapter 523;

8 (d) Robbery under KRS Chapter 515;

9 (e) Gambling under KRS Chapter 528;

10 (f) Forgery under KRS Chapter 516;

11 (g) Offenses under KRS Chapters 517 and 506; or

12 (h) Identify theft under KRS 514.160 and 514.170.

13 (16) An applicant aggrieved by the corporation's denial of a license application under
14 this section may request administrative review in accordance with Section 22 of
15 this Act.

16 ➔SECTION 21. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
17 TO READ AS FOLLOWS:

18 (1) The corporation may initiate disciplinary action against applicants for licenses,
19 license holders, and other persons determined to have violated this chapter or the
20 administrative regulations promulgated under the authority of this chapter.

21 (2) Disciplinary actions available to the corporation shall include:

22 (a) Administrative fines;

23 (b) Denial of license;

24 (c) Nonrenewal of license;

25 (d) Suspension or revocation of a license;

26 (e) Letters of reprimand; and

27 (f) Orders to cease and desist in conduct violating this chapter or

1 administrative regulations promulgated thereunder.

2 (3) Disciplinary action, including the amount of an administrative fine, shall be
3 based upon the violator's record of compliance or noncompliance with this
4 chapter and administrative regulations and upon the severity of the offense with
5 which the violator is charged.

6 (4) No administrative fine shall exceed fifty thousand dollars (\$50,000) for a single
7 offense.

8 (5) Notice of disciplinary action shall be in writing, and service thereof shall be
9 accomplished:

10 (a) In the manner provided for service of process in civil actions; or

11 (b) By certified mail, return receipt requested, to the address provided by the
12 applicant in its license application if the violator is an applicant or a license
13 holder.

14 (6) Administrative fines imposed under this section may be paid at any time after the
15 violator is notified of the amount of the fine and shall be paid:

16 (a) Within thirty (30) days after the corporation enters a final order affirming
17 the fine; or

18 (b) Thirty (30) days after the final order is no longer the subject of a pending
19 proceeding for judicial review.

20 ➔SECTION 22. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
21 TO READ AS FOLLOWS:

22 (1) Any applicant aggrieved by the corporation's denial of a license, and any
23 applicant, license holder, or other person aggrieved by the imposition of
24 disciplinary action, may obtain administrative review of the denial or action by
25 filing a request for administrative review with the corporation.

26 (2) The request for administrative review shall:

27 (a) Be in writing;

- 1 (b) Specify the grounds for challenging the corporation's action; and
2 (c) Be delivered to the corporation by certified mail or hand delivery within
3 thirty (30) days after receipt of notice of the action by the aggrieved person.
4 (3) Administrative review shall be governed by KRS Chapter 13B.
5 (4) Upon completion of administrative proceedings concerning a request for
6 administrative review, the corporation shall enter a final order which shall
7 constitute its official action with respect to the matters underlying the request.
8 (5) A party aggrieved by the final order of the corporation may obtain judicial review
9 of the order by filing a petition for judicial review in Circuit Court. The
10 provisions of KRS Chapter 13B shall apply to all petitions for judicial review.
11 (6) (a) The corporation may summarily suspend a license or take other emergency
12 action as deemed necessary if it determines that actions of persons regulated
13 under this chapter constitute an immediate threat to public safety or
14 welfare.
15 (b) Emergency remedies imposed under this subsection may be imposed
16 without prior hearing, only if written notice is delivered to the parties
17 affected by the corporation's actions.
18 (c) Service of notice shall be accomplished in the manner provided for service
19 of process in civil actions.
20 (d) KRS 13B.125 shall apply to emergency remedies imposed by the
21 corporation.

22 ➔SECTION 23. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
23 READ AS FOLLOWS:

24 As used in Sections 23 to 26 of this Act:

- 25 (1) "Casino" has the same meaning as in Section 2 of this Act;
26 (2) "Full casino gaming" has the same meaning as in Section 2 of this Act;
27 (3) "Gaming licensee" has the same meaning as in Section 2 of this Act;

1 (4) "Gross gaming revenue" has the same meaning as in Section 2 of this Act;

2 (5) "Handle" has the same meaning as in Section 2 of this Act; and

3 (6) "Limited casino gaming" has the same meaning as in Section 2 of this Act.

4 ➔SECTION 24. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
5 READ AS FOLLOWS:

6 (1) A tax is imposed against each gaming licensee at a rate of thirty-one percent
7 (31%) of each gaming licensee's gross gaming revenue.

8 (2) All revenue received from the tax imposed by this section shall be appropriated to
9 the casino gaming revenue distribution trust fund established in Section 27 of
10 this Act.

11 (3) The tax imposed by this section shall be paid, collected, and administered as
12 provided in Section 26 of this Act.

13 ➔SECTION 25. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
14 READ AS FOLLOWS:

15 (1) Notwithstanding KRS 139.200, a tax is imposed on admissions to a full or limited
16 casino at a rate of three dollars (\$3) per person admitted to the casino each day.
17 This tax shall be collected in lieu of the sales tax imposed by KRS 139.200.

18 (2) The admissions tax imposed by this section shall be in addition to the wagering
19 tax imposed by Section 24 of this Act.

20 (3) The admission tax imposed by this section may be passed on to casino patrons by
21 an admissions fee.

22 (4) All revenue received from the tax imposed by this section shall be appropriated to
23 the regional tourism and infrastructure development fund established in Section
24 28 of this Act.

25 (5) The tax imposed by this section shall be paid, collected, and administered as
26 provided in Section 26 of this Act.

27 ➔SECTION 26. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO

1 READ AS FOLLOWS:

- 2 (1) The department shall enforce the provisions of and collect the taxes and penalties
3 imposed by Sections 23 to 26 of this Act, and in doing so it shall have the general
4 powers and duties granted it in KRS Chapters 131 and 135, including the power
5 to enforce, by an action in the Franklin Circuit Court, the collection of the taxes,
6 penalties, and other payments imposed or required by Sections 23 to 26 of this
7 Act.
- 8 (2) The wagering tax imposed by Section 24 of this Act and the admissions tax
9 imposed by Section 25 of this Act are due and payable to the department monthly
10 and shall be remitted on or before the twentieth day of the next succeeding
11 calendar month.
- 12 (3) (a) Payment shall be accompanied by a return form which the department shall
13 prescribe.
- 14 (b) The return form shall report, at a minimum:
- 15 1. The number of daily admissions and the amount of admissions tax
16 due;
- 17 2. Total handle;
- 18 3. Prizes paid;
- 19 4. Gross gaming revenue; and
- 20 5. Wagering tax due.
- 21 (4) Wagering and admissions taxes due and payable in accordance with Sections 23
22 to 26 of this Act shall be paid via electronic funds transfer. Gaming licensees
23 shall provide the department with all protocol documentation and electronic
24 funds transfer data necessary to facilitate the timely transfer of funds.
- 25 (5) Any person who violates any provision of Sections 23 to 26 of this Act shall be
26 subject to the uniform civil penalties imposed pursuant to KRS 131.180 and
27 interest at the tax interest rate as defined in KRS 131.010(6).

1 (6) The corporation may suspend, revoke, or decline to renew a license upon the
2 licensee's failure to timely submit payment of wagering and admissions taxes due
3 under Sections 23 to 26 of this Act or the administrative regulations promulgated
4 by the department thereto.

5 ➔SECTION 27. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
6 TO READ AS FOLLOWS:

7 (1) The casino gaming revenue distribution trust fund is hereby established in the
8 State Treasury. The fund shall consist of moneys received from the wagering tax
9 imposed by Section 24 of this Act and any other proceeds from grants,
10 contributions, appropriations, or other moneys made available for the purposes of
11 the trust fund.

12 (2) The fund shall be administered by the Kentucky Lottery Corporation.

13 (3) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
14 year shall not lapse but shall be carried forward into the next fiscal year.

15 (4) Any interest earnings of the trust fund shall become a part of the trust fund and
16 shall not lapse.

17 (5) All moneys held in the fund shall be invested by the corporation in accordance
18 with the corporation's investment practices, and all earnings from the
19 investments shall accrue to the benefit of the fund and the Commonwealth.

20 (6) Moneys deposited in the fund are hereby appropriated for the purposes set forth
21 in this section and shall not be appropriated or transferred by the General
22 Assembly for any other purposes.

23 (7) (a) For the first twenty-four (24) months after the effective date of this Act, the
24 corporation shall retain sufficient funds to recoup its actual and necessary
25 operating expenses related to the administration and oversight of casino
26 gaming.

27 (b) Twenty-five (25) months after the effective date of this Act and thereafter,

1 the amount retained by the corporation shall not exceed two million dollars
2 (\$2,000,000) per year.

3 (c) The corporation may appeal to the General Assembly for an increase in the
4 amount retained under paragraph (b) of this subsection, but shall provide a
5 history of operating expenses incurred and any other financial information
6 the General Assembly may require. Operating expenses shall include only
7 those actual costs and expenses of the corporation that are directly related
8 to the administration of casino gaming and associated activities that are not
9 passed on to the gaming licensee or supplier and shall include but not be
10 limited to:

11 1. The costs of installing and operating communication system
12 connectivity between the licensed casinos and the corporation's
13 central communication system;

14 2. Interest payments on any amounts borrowed to pay for capital
15 expenditures directly related to overseeing the operation of casino
16 gaming; and

17 3. Employee compensation and costs resulting from any contract or
18 contracts entered into for promotional, operational, security, or
19 auditing and accounting services.

20 (8) For the ten (10) fiscal years immediately following the effective date of this Act,
21 all revenue deposited in the casino gaming revenue distribution trust fund in
22 excess of the amount required by subsection (7) of this section shall be dedicated
23 to and is hereby appropriated for:

24 (a) The Kentucky Employees Retirement System nonhazardous pension fund;

25 (b) The Kentucky Employees Retirement System hazardous pension fund; and

26 (c) The Kentucky Teachers' Retirement System;

27 in amounts the General Assembly determines best meet the needs of the

1 respective funds.

2 (9) For fiscal years more than ten (10) years after the effective date of this Act, all
3 amounts in excess of moneys required by subsection (7) of this section shall be
4 dedicated to the general fund for allocation as the General Assembly determines
5 is needed.

6 ➔SECTION 28. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
7 TO READ AS FOLLOWS:

8 (1) The regional tourism and infrastructure development fund is hereby established
9 in the State Treasury. The fund shall consist of moneys received from the
10 admissions tax imposed by Section 25 of this Act and any other proceeds from
11 grants, contributions, appropriations, or other moneys made available for the
12 purposes of the trust fund.

13 (2) The fund shall be administered by a program to be established by the General
14 Assembly.

15 (3) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
16 year shall not lapse but shall be carried forward into the next fiscal year.

17 (4) Any interest earnings of the trust fund shall become a part of the trust fund and
18 shall not lapse.

19 (5) All moneys held in the fund shall be invested by the corporation in accordance
20 with the corporation's investment practices, and all earnings from the
21 investments shall accrue to the benefit of the fund and the Commonwealth.

22 (6) Moneys deposited in the fund are hereby appropriated for the purposes set forth
23 in this section and shall not be appropriated or transferred by the General
24 Assembly for any other purposes.

25 (7) Trust fund moneys shall be used for projects designed to promote tourism in
26 regions containing a casino, to provide public protection, or to develop
27 infrastructure projects designed to ease the burden of increased tourist activity in

1 regions containing a casino. In order to maximize the impact of projects
2 generated by the fund:

3 (a) The location of the project shall be within a thirty (30) mile radius of the
4 approved full or limited casino; and

5 (b) The project shall be designed to include multiple units of local government
6 acting cooperatively through interlocal agreements, or shall be located in
7 an urban-county government, consolidated local government, charter
8 county government, or unified local government.

9 (8) No moneys shall be expended from the fund until a program developed to meet
10 the requirements of this section has been established by the General Assembly.

11 ➔Section 29. KRS 131.155 is amended to read as follows:

12 (1) For the purpose of facilitating the administration, payment, or collection of the
13 taxes, the department may require any tax payment to be made by electronic fund
14 transfer.

15 (2) The following payments shall be made by electronic fund transfer:

16 (a) The payment required by KRS 136.620;

17 (b) For tax periods beginning on or after January 1, 2007, the payment required by
18 KRS 138.280;

19 (c) For collections on or after August 1, 2010, the clerk shall deposit motor
20 vehicle usage tax and sales and use tax collections in the clerk's local
21 depository account not later than the next business day following receipt. The
22 clerk shall cause the funds to be electronically transferred from the clerk's
23 local depository account to the State Treasury in the manner and at the times
24 prescribed by the department;

25 (d) For any period beginning after December 31, 2000, any payment required
26 under KRS Chapter 139, if the taxpayer's average payment per reporting
27 period during the lookback period exceeds twenty-five thousand dollars

1 (\$25,000);

2 (e) For any period beginning after December 31, 2000, any payment required
3 under KRS 141.330, if the taxpayer's average payment per reporting period
4 during the lookback period exceeds twenty-five thousand dollars (\$25,000);
5 ~~{and}~~

6 (f) For tax periods beginning on or after July 1, 2005, the payment required under
7 KRS 160.615; and

8 (g) The payments required for wagering and admissions taxes under Sections
9 23 to 26 of this Act.

10 (3) (a) The electronic fund transfer shall be made on or before the date the tax is due.

11 (b) The department may permit the filing of the tax return following the date of
12 the tax payment.

13 (c) The department shall promulgate administrative regulations establishing
14 electronic fund transfer requirements for the payment of taxes and fees
15 administered by the department.

16 (4) The department may waive the requirement that a qualifying taxpayer remit the
17 payment by electronic fund transfer if the taxpayer is unable to remit funds
18 electronically.

19 (5) Taxpayers and any other persons who are required to collect or remit taxes
20 administered by the department by electronic fund transfer shall be entitled to
21 receive refunds for any overpayment of taxes or fees, on or after July 1, 2001, by
22 electronic fund transfer.

23 ➔SECTION 30. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
24 TO READ AS FOLLOWS:

25 In accordance with 15 U.S.C. sec. 1172, the General Assembly hereby declares that:

26 (1) 15 U.S.C. sec. 1172 shall not apply to any electronic gaming device or other
27 gambling device found in the Commonwealth where the transportation of the

1 device is specifically authorized by, and done in compliance with, the provisions
2 of this chapter or any other applicable Kentucky statute and any administrative
3 regulation promulgated thereto; and

4 (2) Any such device transported in compliance with state law and administrative
5 regulations shall be exempt from the provisions of 15 U.S.C. sec. 1172.

6 ➔SECTION 31. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
7 TO READ AS FOLLOWS:

8 All shipments of gaming devices to gaming licensees located in Kentucky, the
9 registering, recording, and labeling of which have been duly made by the
10 manufacturer, supplier, or dealer in accordance with 15 U.S.C. secs. 1173 and 1174,
11 shall be deemed legal shipments in the Commonwealth.

12 ➔SECTION 32. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
13 TO READ AS FOLLOWS:

14 (1) The corporation shall, through the promulgation of administrative regulations,
15 define and limit:

16 (a) The gambling games and devices permitted for use in licensed casinos; and

17 (b) The method of operation of these games and devices.

18 (2) The gambling games and devices permitted for casino operations shall be
19 uniform for all casino licensees.

20 (3) The payout of all electronic gaming devices shall be based upon a suitable range
21 as determined by the casino licensee.

22 ➔SECTION 33. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
23 TO READ AS FOLLOWS:

24 (1) The exclusion or ejection of certain persons from licensed casinos may be
25 necessary to effectively maintain the strict regulation of licensed casino gaming.

26 (2) (a) Each casino licensee shall compile a list of persons who are to be excluded
27 or ejected from any licensed casino.

1 **(b) The list shall include any person whose presence in the casino is determined**
2 **by the licensee to pose a threat to the interests of this state or to licensed**
3 **casino gaming, or both.**

4 **(c) These lists shall be filed annually with the corporation or when a name is**
5 **added to or deleted from a list.**

6 **(3) The corporation shall promulgate administrative regulations regarding the**
7 **compilation of the lists required in subsection (2) of this section to guide casino**
8 **licensees in determining what persons are to be placed on the lists. Casino**
9 **licensees shall consider the following:**

10 **(a) Prior conviction of a crime that is a felony in this state, any other state, or**
11 **under the laws of the United States;**

12 **(b) Prior conviction of a crime that is a violation of the gambling laws of any**
13 **state;**

14 **(c) Violation or conspiracy to violate the provisions of this chapter relating to:**

15 **1. The failure to disclose an interest in a casino, supplier, or**
16 **manufacturer for which the person is required to obtain a license; or**

17 **2. Willful evasion of fees or taxes;**

18 **(d) Notorious or unsavory reputation that would adversely affect public**
19 **confidence and trust that the casino industry is free from criminal or**
20 **corruptive elements; or**

21 **(e) A written order of a governmental agency which authorizes the exclusion or**
22 **ejection of the person from a casino.**

23 **(4) Race, color, creed, national origin, ancestry, religion, or gender shall not be**
24 **grounds for placing the name of a person upon the list.**

25 **(5) The amount a person has legally won at a casino in this state, or any other state,**
26 **or any other country shall not be grounds for placing the name of a person upon**
27 **this list.**

1 (6) Whenever the name and description of any person is placed on a list in
2 accordance with this section, the corporation shall serve notice of this fact to a
3 person placed on the list by:

4 (a) Personal service; or

5 (b) Certified mail to the last known address of the person.

6 (7) Within thirty (30) days after service by mail or in person, the person named may
7 demand a hearing under KRS Chapter 13B and show cause why the person
8 should have his or her name removed from the list.

9 (8) If, upon completion of the hearing, a determination has been made that:

10 (a) Exclusion or ejection does not or should not apply to the person so listed,
11 the corporation shall provide notice of the determination to casino licensees
12 and to the person who requested the hearing; or

13 (b) Placing the person on the exclusion or ejection list was proper, the
14 corporation shall enter in its minutes an order to that effect.

15 (9) The corporation may promulgate administrative regulations to establish a
16 voluntary exclusion program. A voluntary exclusion program established under
17 this subsection shall require that:

18 (a) A person who participates in a voluntary exclusion program agrees to
19 refrain from entering a casino under the jurisdiction of the corporation,
20 unless otherwise provided in administrative regulations promulgated by the
21 corporation;

22 (b) The name of a person participating in the program shall be included on a
23 list of persons excluded from all casinos under the jurisdiction of the
24 corporation;

25 (c) A person who participates in the program may not petition the corporation
26 for readmittance to a casino under the jurisdiction of the corporation,
27 except as otherwise provided in administrative regulations promulgated by

1 the corporation;

2 (d) The list of persons entering the voluntary exclusion program and their
3 personal information are confidential and may only be disseminated by the
4 corporation to the owner or operator of a casino under the jurisdiction of
5 the corporation for purposes of enforcement and to other entities, upon
6 request by the participant and agreement by the corporation;

7 (e) The owner of the casino under the jurisdiction of the corporation shall
8 make all reasonable attempts as determined by the corporation to cease all
9 direct marketing efforts to persons participating in the program; and

10 (f) An owner of a casino under the jurisdiction of the corporation may not cash
11 the check of a person participating in the program or extend credit to the
12 person in any manner. However, the voluntary exclusion program shall not
13 preclude an owner from seeking payment of a debt accrued by a participant
14 before he or she entered the program.

15 ➔SECTION 34. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
16 TO READ AS FOLLOWS:

17 (1) As used in this section, "cheat" means to alter the selection of criteria that
18 determines:

19 (a) The result of a gambling game; or

20 (b) The amount or frequency of payment in a gambling game.

21 (2) It shall be a Class D felony if a person knowingly or intentionally does any of the
22 following:

23 (a) Uses or possesses with the intent to use a device to assist in:

24 1. Projecting the outcome of a game;

25 2. Keeping track of playing cards;

26 3. Analyzing the probability of the occurrence of an event relating to a
27 gambling game; or

- 1 4. Analyzing the strategy for playing or betting to be used in the game,
2 except as permitted by the corporation;
- 3 (b) Cheats at a gambling game;
- 4 (c) Manufactures, sells, or distributes any cards, chips, dice, game, or device
5 that is intended to be used to violate this section;
- 6 (d) Alters or misrepresents the outcome of a gambling game on which wagers
7 have been made after the outcome is made sure but before the outcome is
8 revealed to the players;
- 9 (e) Places a bet on the outcome of a gambling game after acquiring knowledge
10 that:
- 11 1. Is not available to all players; and
12 2. Concerns the outcome of the gambling game that is the subject of the
13 bet;
- 14 (f) Aids a person in acquiring the knowledge described in paragraph (e) of this
15 subsection for the purpose of placing a bet contingent on the outcome of a
16 gambling game;
- 17 (g) Claims, collects, takes, or attempts to claim, collect, or take money or
18 anything of value in or from a gambling game by cheating;
- 19 (h) Uses or possesses counterfeit chips or tokens used in a gambling game;
- 20 (i) Possesses a key or device designed for:
- 21 1. Opening, entering, or affecting the operation of a gambling game,
22 drop box, or an electronic or a mechanical device connected with a
23 gambling game; or
- 24 2. Removing coins, tokens, chips, or other contents of a gambling game;
25 or
- 26 (j) Possesses materials used to manufacture a slug or device intended to be
27 used in a manner that violates this section.

1 (3) Subsection (2)(i) of this section shall not apply to a licensee or an employee of a
2 licensee acting in the course of the employee's employment.

3 (4) A person shall be guilty of a Class A misdemeanor if he or she knowingly or
4 intentionally does any of the following:

5 (a) Makes a false statement on an occupational, manufacturer's, supplier's, or
6 casino license application;

7 (b) Permits a person less than twenty-one (21) years of age to make a wager on
8 a gambling game at a casino; or

9 (c) Being less than twenty one (21) years of age, enters or attempts to enter a
10 casino.

11 ➔SECTION 35. KRS CHAPTER 239 IS ESTABLISHED AND A NEW
12 SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

13 As used in this chapter unless the context requires otherwise:

14 (1) "Adjusted gross revenue" means the total sum of entry fees collected by a fantasy
15 contest operator from all participants entering a fantasy contest, less winnings
16 paid to participants in the contest, multiplied by the resident percentage;

17 (2) "Beginner" means a fantasy contest player who has entered fewer than fifty-one
18 (51) contests offered by a single fantasy contest operator and who does not
19 otherwise meet the definition of highly experienced player;

20 (3) "Cabinet" means the Public Protection Cabinet;

21 (4) "Confidential information" means information related to the play of a fantasy
22 contest by fantasy contest participants obtained as a result of or by virtue of a
23 person's employment;

24 (5) "Entry fee" means the cash or cash equivalent that is required to be paid by a
25 fantasy contest participant to a fantasy contest operator in order to participate in
26 a fantasy contest;

27 (6) "Fantasy contest" means any fantasy or simulated game or contest that meets the

1 following conditions:

2 (a) The values of all prizes and awards offered to winning participants are
3 made known to the participants in advance of the contest;

4 (b) All winning outcomes reflect the relative knowledge and skill of the
5 participants and shall be determined predominantly by accumulated
6 statistical results of the performance of individuals, including athletes in the
7 case of sports events;

8 (c) No winning outcome is based:

9 1. On randomized or historical events;

10 2. On the score, point spread, or any performance or performances of
11 any single actual team or combination of such teams; or

12 3. Solely on any single performance of an individual athlete or
13 participant in any single actual event; and

14 (d) Does not violate any provision of federal law;

15 (7) "Fantasy contest operator" or "operator" means a person who offers or
16 administers one (1) or more fantasy contests with an entry fee to the general
17 public, and awards a prize of value;

18 (8) "Fantasy contest participant" or "participant" means a person who participates
19 in a fantasy contest offered by a registrant;

20 (9) "Highly experienced player" means a person who has either:

21 (a) Entered more than one thousand (1,000) fantasy contests offered by a single
22 fantasy contest operator; or

23 (b) Won more than three (3) fantasy contest prizes valued at one thousand
24 dollars (\$1,000) or more from a single fantasy contest operator.

25 Upon making a determination that a player is a highly experienced player, the
26 fantasy contest operator shall continue to classify the player as a highly
27 experienced player indefinitely;

- 1 (10) "Immediate family" means a person's parents, grandparents, spouse, siblings,
2 children, or grandchildren residing in a home occupied by the person as a
3 primary residence;
- 4 (11) "Location percentage" means for each fantasy contest, the percentage, rounded
5 to the nearest tenth of a percent (0.1%), of the total entry fees collected from
6 participants located in the Commonwealth divided by the total entry fees collected
7 from all participants in the fantasy contest;
- 8 (12) "Net poker revenue" means the rake plus any entry fees or other fees charged to
9 online poker players as a requirement to play in a game or series of games of
10 online poker;
- 11 (13) "Online poker" means any form of poker, including but not limited to Five Card
12 Draw, Seven Card Stud, and Texas Holdem, at locations removed from other
13 players via the Internet through the use of computers, smart phones, or other
14 types of electronic devices. Online poker shall not include video lottery terminals
15 or slot machines using electronic representations of cards in a game of chance in
16 which skill does not play a part;
- 17 (14) "Person" has the same meaning as in KRS 446.010;
- 18 (15) "Principal stockholder" means any person who, individually or together with his
19 or her spouse and immediate family members, beneficially owns or controls,
20 directly or indirectly, fifteen percent (15%) or more of the equity ownership of a
21 registrant or who, together with his or her spouse and immediate family
22 members, has the power to vote or cause the vote of fifteen percent (15%) or more
23 of a registrant;
- 24 (16) "Rake" means a percentage of the total wagers placed in an online poker game
25 that the online poker providers collects as its fee for providing the platform upon
26 which the online poker game is played;
- 27 (17) "Registered fantasy contest operator" or "registrant" means a fantasy contest

1 operator that has been issued a valid registration by the cabinet;

2 (18) "Script" means automating a manual act using a coding language online,
3 whereby a list of multiple commands may be executed without the user's
4 interaction;

5 (19) "Secretary" means the secretary of the Public Protection Cabinet; and

6 (20) "Wager" means a sum of money or representation of value that is risked on an
7 occurrence for which the outcome is uncertain.

8 ➔SECTION 36. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
9 READ AS FOLLOWS:

10 (1) No fantasy contest operator shall offer a fantasy contest to residents of the
11 Commonwealth without a valid registration issued by the cabinet, except that
12 fantasy contest operators with fewer than one hundred (100) participants located
13 in the Commonwealth in a calendar year shall be exempt from this requirement.

14 (2) Any person seeking to be registered as a fantasy contest operator shall submit an
15 application to the cabinet on a form prescribed by the cabinet as promulgated in
16 an administrative regulation, accompanied by payment of the required fee
17 established in subsection (4) of this section.

18 (3) The fantasy contest operator applicant shall provide the following information to
19 the cabinet as a prerequisite for registration:

20 (a) The name of the applicant;

21 (b) The location of the applicant's principal place of business;

22 (c) A disclosure of ownership of the applicant including all directors, officers,
23 and principal stockholders;

24 (d) A designation of the responsible party who is the agent for the contest
25 operator for all communications with the cabinet;

26 (e) 1. The criminal record of all officers, general partners, and principal
27 stockholders of the applicant.

1 2. An applicant may not be eligible for registration or renewal as a
2 fantasy contest operator if the applicant or any of its officers, general
3 partners, or principal stockholders has been convicted of or has
4 entered a plea of nolo contendere or guilty to a felony; and

5 (f) Any other documentation the cabinet may require.

6 (4) (a) The initial registration fee for a fantasy contest operator shall be five
7 thousand dollars (\$5,000).

8 (b) The annual renewal fee for a fantasy contest operator shall be an amount
9 equal to the greater of:

10 1. Six percent (6%) of the adjusted gross revenues for the prior calendar
11 year; or

12 2. Five thousand dollars (\$5,000).

13 (c) The initial registration fee and the annual renewal fee shall be deposited
14 into the wagering administration fund established in Section 38 of this Act.

15 ➔SECTION 37. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
16 READ AS FOLLOWS:

17 (1) (a) The cabinet shall promulgate administrative regulations for the operation
18 of fantasy contests as necessary to enforce the provisions of this chapter, but
19 the cabinet shall not promulgate administrative regulations limiting or
20 regulating:

21 1. Rules or the administration of an individual contest or contests;

22 2. The statistical makeup of a contest or contests; or

23 3. The digital platform of an operator.

24 (b) The cabinet shall promulgate the administrative regulations listing the
25 requirements for registration within thirty (30) days of the effective date of
26 this Act.

27 (2) The cabinet shall consider all applications for registration and shall issue a valid

1 registration to an applicant that meets the criteria set forth in Section 26 of this
2 Act and any administrative regulations promulgated by the cabinet.

3 (3) (a) The cabinet shall have thirty (30) days after receiving an initial application
4 to issue a registration or deny the application.

5 (b) The cabinet shall prepare and issue a written statement setting forth the
6 reasons why an application for registration has been denied.

7 (4) All fantasy contest operators who meet the requirements for registration shall be
8 registered by January 15, 2022.

9 (5) The cabinet may revoke, deny, or suspend the registration of a fantasy contest
10 operator if it finds that:

11 (a) Any partner, member, officer, principal stockholder, or director of the
12 operator has been convicted of a felony in this state, a felony in another
13 state which would be a felony if committed in this state, or a felony under
14 the laws of the United States. For purposes of this paragraph, the term
15 "convicted" means having been found guilty, regardless of adjudication of
16 guilt, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty
17 or nolo contendere; or

18 (b) Any fantasy contest operator has:

- 19 1. Violated any order of the secretary or any of the provisions set forth in
20 this chapter;
21 2. Failed to meet the requirements for registration under this chapter; or
22 3. Used fraud, misrepresentation, or deceit in applying for or attempting
23 to apply for a registration or otherwise in operating or offering to
24 operate a fantasy contest.

25 (6) If it appears to the secretary, based upon credible evidence presented in a written
26 complaint, that a person is operating or offering to operate a fantasy contest
27 without being registered, the secretary may issue an order to cease and desist the

1 activity.

2 (7) The secretary shall set forth in the order:

3 (a) The statutes and administrative regulations alleged to have been violated;

4 (b) The facts alleged to have constituted the violation; and

5 (c) The requirement that all unauthorized practices immediately cease.

6 (8) (a) Within ten (10) days after service of the order to cease and desist, the person
7 may request a hearing on the question of whether acts or practices in
8 violation of this section have occurred. The hearing shall be conducted
9 pursuant to KRS Chapter 13B.

10 (b) The person may appeal the final order of the cabinet to the Franklin Circuit
11 Court within thirty (30) days of the hearing.

12 (9) To ensure that the cabinet is not spending more than what is necessary to cover
13 administrative expenses, on June 30 of each year, the cabinet shall submit to the
14 Legislative Research Commission and the Interim Joint Committee on Licensing,
15 Occupations, and Administrative Regulations a written report detailing financial
16 transactions, including:

17 (a) The number of applications received;

18 (b) The number of applications approved;

19 (c) The number of applications denied;

20 (d) The amount of funds received from initial registration fees;

21 (e) The amount of funds received from annual renewal fees; and

22 (f) The amount of funds expended to enforce this chapter.

23 (10) KRS Chapters 230 and 528 shall not apply to fantasy contests operated in
24 accordance with this chapter.

25 ➔SECTION 38. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
26 READ AS FOLLOWS:

27 (1) (a) There is hereby established in the State Treasury a restricted account to be

1 known as the wagering administration fund. The fund shall consist of
2 moneys received from the money collected under Sections 36, 42, 44, 51,
3 and 55 of this Act and state appropriations.

4 (b) 1. Amounts deposited in the fund shall be used for administrative
5 expenses of the cabinet and shall be disbursed by the Finance and
6 Administration Cabinet upon the warrant of the Public Protection
7 Cabinet.

8 2. The remaining funds shall be used as follows:

9 a. Five percent (5%) of the funds remaining after the expenses
10 under subparagraph 1. of this paragraph shall be deposited in
11 the Kentucky problem gambling assistance account established
12 in Section 39 of this Act; and

13 b. All remaining funds not allocated under subparagraph 1. of this
14 paragraph or subdivision a. of this subparagraph shall be
15 deposited in the Kentucky permanent pension fund established in
16 KRS 42.205.

17 3. Any interest accruing to the fund shall become a part of the fund and
18 shall not lapse.

19 (2) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
20 year shall not lapse but shall be carried forward into the next fiscal year.

21 (3) Moneys deposited in the fund are hereby appropriated for the purposes set forth
22 in this section and shall not be appropriated or transferred by the General
23 Assembly for any other purposes.

24 ➔SECTION 39. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
25 READ AS FOLLOWS:

26 (1) (a) There is established in the State Treasury a revolving account to be known
27 as the Kentucky problem gambling assistance account.

1 **(b) The account shall be administered by the director of the Division of**
2 **Behavioral Health of the Department for Behavioral Health,**
3 **Developmental and Intellectual Disabilities, and shall consist of moneys**
4 **distributed to it under Section 38 of this Act.**

5 **(c) Notwithstanding KRS 45.229, moneys remaining in the account at the close**
6 **of a fiscal year shall not lapse but shall carry forward into the succeeding**
7 **fiscal year. Interest earned on any moneys in the account shall accrue to the**
8 **account.**

9 **(d) Except for administrative expenses of the Division of Behavioral Health**
10 **relating to the account, which shall be limited to fifty thousand dollars**
11 **(\$50,000) per year, all moneys in the account are appropriated for, and**
12 **shall be used exclusively for the purposes of:**

13 **1. Providing support to agencies, groups, organizations, and persons that**
14 **provide education, assistance, and counseling to persons and families**
15 **experiencing difficulty as a result of addiction to alcohol or drugs, or**
16 **addictive or compulsive gambling;**

17 **2. Promoting public awareness of, and providing education about**
18 **addictions;**

19 **3. Establishing and funding programs to certify addiction counselors;**

20 **4. Promoting public awareness of assistance programs for addicts; and**

21 **5. Paying the costs and expenses associated with the treatment of**
22 **addictions.**

23 **(2) The cabinet shall promulgate administrative regulations to establish criteria for**
24 **the expenditure of funds from the Kentucky problem gambling assistance**
25 **account. The administrative regulations shall:**

26 **(a) Establish standards for the types of agencies, groups, organizations, and**
27 **persons eligible to receive funding;**

- 1 **(b) Establish standards for the types of activities eligible for funding;**
2 **(c) Establish standards for the appropriate documentation of past performance**
3 **and the activities of agencies, groups, organizations, and persons requesting**
4 **funding;**
5 **(d) Establish standards for the development of performance measures or other**
6 **evidence of successful expenditure of awarded funds;**
7 **(e) Set forth procedures for the submission, evaluation, and review of**
8 **applications for funding;**
9 **(f) Set forth procedures for making funding awards to requesting entities who**
10 **have demonstrated the capability to efficiently and effectively provide the**
11 **necessary services;**
12 **(g) Establish requirements and procedures for the monitoring of funds**
13 **awarded, including requirements for the submission of reports and**
14 **documentation supporting expenditures; and**
15 **(h) Include any other provisions related to funding or the administration of the**
16 **account as determined by the cabinet.**
17 **(3) On or before October 1, 2022, and every October 1 thereafter, the director of the**
18 **Division of Behavioral Health, in cooperation with the commissioner of the**
19 **Department for Behavioral Health, Developmental and Intellectual Disabilities**
20 **and the secretary, shall submit an annual report detailing activities and**
21 **expenditures associated with the Kentucky problem gambling assistance account**
22 **for the preceding fiscal year. The annual report shall be submitted to:**
23 **(a) The Legislative Research Commission; and**
24 **(b) The Governor.**

25 ➔SECTION 40. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
26 READ AS FOLLOWS:

- 27 **(1) (a) A registrant offering fantasy contests shall annually submit its records to a**

1 certified public accountant to perform an annual independent audit
2 consistent with the standards of the American Institute of Certified Public
3 Accountants to ensure compliance with all of the requirements in this
4 chapter.

5 (b) The registrant shall pay all costs of the audit. The audit shall cover one (1)
6 fiscal year.

7 (2) (a) Each registrant shall keep daily records of its operations and shall maintain
8 the records for at least six (6) years.

9 (b) The records shall sufficiently detail all financial transactions to determine
10 compliance with the requirements of this chapter and shall be available for
11 audit and inspection by the cabinet during the registrant's regular business
12 hours.

13 ➔SECTION 41. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
14 READ AS FOLLOWS:

15 (1) A fantasy contest registrant shall implement commercially reasonable procedures
16 for the conduct of fantasy contests requiring an entry fee that are intended to:

17 (a) Prevent the registrant, its employees, and the immediate family of employees
18 from competing in any public fantasy contest with a cash prize offered by
19 any fantasy contest operator;

20 (b) Prevent sharing of confidential information with third parties that could
21 affect fantasy contest play until that information is made publicly available;

22 (c) Verify that each fantasy contest participant in each fantasy contest is
23 eighteen (18) years of age or older;

24 (d) Prevent an individual who is a participant or game official in an actual
25 sporting event or competition from participating in any fantasy contest that
26 is determined in whole or in part on the performance of that individual, the
27 individual's actual team, or the accumulated statistical results of the

- 1 sporting event or competition in which the individual is a participant or
2 contest official;
- 3 (e) Allow an individual, upon request, to exclude himself or herself from
4 entering a fantasy contest and provide reasonable steps to prevent that
5 person from entering the fantasy contests offered by the fantasy contest
6 operator;
- 7 (f) Disclose the number of entries that a participant may submit to each
8 fantasy contest;
- 9 (g) Provide reasonable steps to prevent participants from submitting more than
10 the allowable number of entries;
- 11 (h) 1. In any fantasy contest involving more than one hundred (100) entries,
12 prevent a participant from submitting more than the lesser of:
13 a. Three percent (3%) or more of all entries; or
14 b. One hundred fifty (150) entries.
- 15 2. Notwithstanding subparagraph 1. of this paragraph, a registrant may
16 establish contests in which there are no restrictions on the number of
17 entries if:
18 a. The registrant clearly discloses that there are no limits on the
19 number of entries by each participant in the contest; and
20 b. The entry fee is fifty dollars (\$50) or more per entry;
- 21 (i) Segregate participants' funds from operational funds or maintain a reserve
22 in the form of cash, cash equivalents, payment processor reserves, payment
23 processor receivables, an irrevocable letter of credit, a bond, an escrow
24 account approved by the cabinet, or a combination thereof, in the amount of
25 the deposits in participants' accounts for benefit and protection of the funds
26 held in those accounts;
- 27 (j) Distinguish highly experienced participants and beginner participants and

1 ensure that highly experienced participants are conspicuously identified to
2 all participants;

3 (k) Prohibit the use of external scripts in fantasy contests that give a participant
4 an unfair advantage over other participants and make all authorized scripts
5 readily available to all fantasy contest participants;

6 (l) Clearly and conspicuously disclose all rules that govern its contests,
7 including the material terms of each promotional offer at the time the offer
8 is advertised; and

9 (m) Use technologically reasonable measures to limit each fantasy contest
10 participant to one (1) active account with that operator.

11 (2) A registrant shall not conduct, operate, or offer a fantasy contest that:

12 (a) Utilizes:

13 1. Video or mechanical reels or symbols or any other depictions of slot
14 machines, poker, blackjack, craps, or roulette; or

15 2. Any device that qualifies as or replicates contest activities that
16 constitute gaming; or

17 (b) Includes a university, college, high school, or youth athletic contest or
18 event.

19 (3) Officers and directors of registrants along with their immediate family are
20 prohibited from competing in any fantasy contest offered by any fantasy contest
21 operator in which the operator offers a cash prize.

22 (4) (a) Any person who knowingly violates any provision of Section 36, 37, 38, 39,
23 40, or 41 of this Act shall:

24 1. For the first offense, be liable for a civil penalty of not less than one
25 thousand dollars (\$1,000) nor more than five thousand dollars
26 (\$5,000) for each act or omission that constitutes a violation; or

27 2. a. For a second or subsequent offense, be liable for a civil penalty

1 of not less than five thousand dollars (\$5,000) and not more than
2 twenty-five thousand dollars (\$25,000); or

3 b. Revocation of registration at the discretion of the secretary.

4 (b) A civil penalty assessed under this subsection shall accrue to the
5 Commonwealth and may be recovered in a civil action brought by the
6 cabinet.

7 (c) Nothing in this chapter shall deprive an aggrieved participant of any
8 personal right of redress.

9 ➔SECTION 42. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
10 READ AS FOLLOWS:

11 (1) No person shall offer online poker in the Commonwealth unless that person has
12 received a license from the cabinet.

13 (2) The cabinet shall promulgate administrative regulations prescribing
14 requirements for vendors offering online poker gaming to the citizens of the
15 Commonwealth. The requirements for each game or game provider shall include
16 but not be limited to the following:

17 (a) Geolocation software to ensure that all online poker is conducted within the
18 geographical confines of the state of Kentucky;

19 (b) Age verification to ensure that no person under the age of eighteen (18) is
20 allowed to place wagers through online poker games;

21 (c) Security standards to minimize the risk of cyber theft or hacking;

22 (d) Accounting standards to ensure transparency and accountability of moneys,
23 including:

24 1. Moneys deposited by players into gaming accounts;

25 2. Prize payouts;

26 3. The rake the online poker vendor receives;

27 4. Any entry or associated fees charged to players; and

1 (e) Conformance with all applicable federal laws.

2 (3) A license to conduct online poker in the Commonwealth shall not be issued by
3 the cabinet until the proposed vendor has demonstrated to the satisfaction of the
4 cabinet that:

5 (a) All the requirements of subsection (2) of this section have been met;

6 (b) The vendor has not been convicted of a violation of the Unlawful Internet
7 Gambling Enforcement Act of 2006, as provided in Title 31 of the United
8 States Code, Sections 5361 to 5366; and

9 (c) An initial licensing fee of two hundred fifty thousand dollars (\$250,000) has
10 been paid.

11 (4) A license issued under subsection (3) of this section shall be valid for one (1) year
12 and may be renewed annually for a fee of ten thousand dollars (\$10,000).

13 (5) (a) In addition to the licensing fees imposed in subsections (3) and (4) of this
14 section, a gaming fee of six and three-quarters percent (6.75%) of net poker
15 revenue shall be imposed on each online poker vendor.

16 (b) The gaming fee shall be paid monthly by each licensed online poker vendor
17 to the cabinet, and may be made by electronic funds transfer.

18 (6) Award of an online poker license under this section shall not absolve any person
19 of any liability which has been or may be incurred due to litigation with the
20 Commonwealth over Internet poker domain names.

21 (7) Any person who has been issued a license under this section shall have the
22 license suspended by the cabinet if a final judgment is issued against the person
23 for the improper use of Internet domain names. The license suspension shall
24 continue until all fines and fees assessed under the judgment are fully paid.

25 ➔SECTION 43. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
26 READ AS FOLLOWS:

27 (1) An online poker account is established in the State Treasury. Online poker

1 licensing fees and the gaming fee imposed by Section 42 of this Act shall be
2 deposited in the account.

3 (2) The cabinet is authorized to use money in the online poker account for the
4 purposes of paying necessary expenses incurred in establishing and overseeing
5 the online poker system.

6 (3) Moneys in excess of the amount needed for necessary expenses shall be deposited
7 annually into the wagering administration fund established by Section 38 of this
8 Act to be used for the purposes established in subsection (1)(b)2. of Section 38 of
9 this Act.

10 (4) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
11 year shall not lapse but shall be carried forward into the next fiscal year.

12 (5) All moneys held in the fund shall be invested by the cabinet in accordance with
13 the cabinet's investment practices, and all earnings from the investments shall
14 accrue to the benefit of the fund.

15 ➔Section 44. KRS 230.210 is amended to read as follows:

16 As used in this chapter, unless the context requires otherwise:

17 (1) "Advance deposit account wagering" means a form of pari-mutuel wagering in
18 which an individual may establish an account with a person or entity licensed by the
19 racing commission, and may place a pari-mutuel wager through that account that is
20 permitted by law;

21 (2) "Advance deposit account wagering licensee" means a person or entity licensed by
22 the racing commission to conduct advance deposit account wagering and accept
23 deposits and wagers, issue a receipt or other confirmation to the account holder
24 evidencing such deposits and wagers, and transfer credits and debits to and from
25 accounts;

26 (3) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in which
27 each horse participating in the race is registered with the Appaloosa Horse Club of

- 1 Moscow, Idaho, and is mounted by a jockey;
- 2 (4) "Arabian" means a horse that is registered with the Arabian Horse Registry of
3 Denver, Colorado;
- 4 (5) "Association" means any person licensed by the Kentucky Horse Racing
5 Commission under KRS 230.300 and engaged in the conduct of a recognized horse
6 race meeting;
- 7 (6) "Harness race" or "harness racing" means trotting and pacing races of the
8 standardbred horses;
- 9 (7) "Horse race meeting" means horse racing run at an association licensed and
10 regulated by the Kentucky Horse Racing Commission, and may include
11 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;
- 12 (8) "Host track" means the track conducting racing and offering its racing for intertrack
13 wagering, or, in the case of interstate wagering, means the Kentucky track
14 conducting racing and offering simulcasts of races conducted in other states or
15 foreign countries;
- 16 (9) "Intertrack wagering" means pari-mutuel wagering on simulcast horse races from a
17 host track by patrons at a receiving track;
- 18 (10) "Interstate wagering" means pari-mutuel wagering on simulcast horse races from a
19 track located in another state or foreign country by patrons at a receiving track or
20 simulcast facility;
- 21 (11) "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund" means a
22 purse fund established to receive funds as specified in KRS 230.3771 for purse
23 programs established in KRS 230.446 to supplement purses for quarter horse, paint
24 horse, Appaloosa, and Arabian horse races. The purse program shall be
25 administered by the Kentucky Horse Racing Commission;
- 26 (12) "Kentucky resident" means:
- 27 (a) An individual domiciled within this state;

1 (b) An individual who maintains a place of abode in this state and spends, in the
2 aggregate, more than one hundred eighty-three (183) days of the calendar year
3 in this state; or

4 (c) An individual who lists a Kentucky address as his or her principal place of
5 residence when applying for an account to participate in advance deposit
6 account wagering;

7 (13) **"Licensed premises" means a track or simulcast facility licensed by the racing**
8 **commission under this chapter;**

9 **(14)** "Paint horse" means a horse registered with the American Paint Horse Association
10 of Fort Worth, Texas;

11 **(15) "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutual**
12 **wagering" each means any method of wagering previously or hereafter approved**
13 **by the racing commission in which one (1) or more patrons wager on a horse**
14 **race or races, whether live, simulcast, or previously run. Wagers shall be placed**
15 **in one (1) or more wagering pools, and wagers on different races or sets of races**
16 **may be pooled together. Patrons may establish odds or payouts, and winning**
17 **patrons share in amounts wagered including any carryover amounts, plus any**
18 **amounts provided by an association less any deductions required, as approved by**
19 **the racing commission and permitted by law. Pools may be paid out incrementally**
20 **over time as approved by the racing commission.**

21 **(16)**~~(14)~~ "Principal" means any of the following individuals associated with a
22 partnership, trust, association, limited liability company, or corporation that is
23 licensed to conduct a horse race meeting or an applicant for a license to conduct a
24 horse race meeting:

25 (a) The chairman and all members of the board of directors of a corporation;

26 (b) All partners of a partnership and all participating members of a limited
27 liability company;

- 1 (c) All trustees and trust beneficiaries of an association;
- 2 (d) The president or chief executive officer and all other officers, managers, and
3 employees who have policy-making or fiduciary responsibility within the
4 organization;
- 5 (e) All stockholders or other individuals who own, hold, or control, either directly
6 or indirectly, five percent (5%) or more of stock or financial interest in the
7 collective organization; and
- 8 (f) Any other employee, agent, guardian, personal representative, or lender or
9 holder of indebtedness who has the power to exercise a significant influence
10 over the applicant's or licensee's operation;
- 11 ~~(17)~~~~(15)~~ **"Professional sports venue" means a facility, including but not limited to**
12 **an indoor arena, outdoor stadium, or race track with seating for at least fifty**
13 **thousand (50,000) and where professional sporting events are held under the**
14 **auspices of a professional league recognized by the racing commission under**
15 **Section 46 of this Act;**
- 16 **(18)** "Quarter horse" means a horse that is registered with the American Quarter Horse
17 Association of Amarillo, Texas;
- 18 ~~(19)~~~~(16)~~ "Racing commission" means the Kentucky Horse Racing Commission;
- 19 ~~(20)~~~~(17)~~ "Receiving track" means a track where simulcasts are displayed for wagering
20 purposes. A track that submits an application for intertrack wagering shall meet all
21 the regulatory criteria for granting an association license of the same breed as the
22 host track, and shall have a heated and air-conditioned facility that meets all state
23 and local life safety code requirements and seats a number of patrons at least equal
24 to the average daily attendance for intertrack wagering on the requested breed in the
25 county in which the track is located during the immediately preceding calendar year;
- 26 ~~(21)~~~~(18)~~ "Simulcast facility" means any facility approved pursuant to the provisions of
27 KRS 230.380 to simulcast live racing and conduct pari-mutuel wagering on live

1 **racing;**

2 ~~(22)~~~~(19)~~ "Simulcasting" means the telecast of live audio and visual signals of horse
3 races for the purpose of pari-mutuel wagering;

4 ~~(23)~~~~(20)~~ **"Sports wagering" means the placing of wagers on the outcomes of**
5 **professional sports contests and other events in conformance with federal law**
6 **and as authorized by the racing commission at tracks and online or smart phone**
7 **through applications as authorized by this chapter and Section 55 of this Act;**

8 ~~(24)~~ "Telephone account wagering" means a form of pari-mutuel wagering where an
9 individual may deposit money in an account at a track and may place a wager by
10 direct telephone call or by communication through other electronic media owned by
11 the holder of the account to the track;

12 ~~(25)~~~~(21)~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing
13 in which each horse participating in the race is a Thoroughbred, (i.e., meeting the
14 requirements of and registered with The Jockey Club of New York) and is mounted
15 by a jockey; and

16 ~~(26)~~~~(22)~~ "Track" means any association duly licensed by the Kentucky Horse Racing
17 Commission to conduct horse racing **and** ~~["Track"]~~ shall include:

18 **(a) For facilities in operation as of 2010, the location and physical plant**
19 **described in the "Commonwealth of Kentucky Initial/Renewal Application**
20 **for License to Conduct Live Horse Racing, Simulcasting, and Pari-Mutuel**
21 **Wagering," filed for racing to be conducted in 2010;**

22 **(b) Real property of an association, if the association received or receives**
23 **approval from the racing commission after 2010 for a location at which live**
24 **racing is to be conducted; or**

25 **(c) One (1)** ~~any~~ facility or real property that is:

26 **1.** Owned, leased, or purchased by **an association** ~~["a track within the same~~
27 ~~geographic area"]~~ within a sixty (60) mile radius of **the association's**

1 ~~racetrack~~^[a track] but not contiguous to ~~racetrack~~^[track] premises, upon
2 racing commission approval~~;~~^[,] and ~~provided the noncontiguous~~
3 ~~property is~~

4 2. Not within a sixty (60) mile radius of another licensed track premise
5 where live racing is conducted and not within a forty (40) mile radius of
6 a simulcast facility, unless any affected track or simulcast facility agrees
7 in writing to permit a noncontiguous facility within the protected
8 geographic area.

9 ➔SECTION 45. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
10 READ AS FOLLOWS:

11 (1) The racing commission shall institute a system of sports wagering in
12 conformance with federal law, this chapter, Section 55 of this Act, and
13 administrative regulations promulgated under the authority of Section 47 of this
14 Act.

15 (2) Sports wagering shall not be offered in this state except by:

16 (a) A track that is licensed under this chapter;

17 (b) A professional sports venue; or

18 (c) An online or smart phone application that shall:

19 1. a. From the effective date of this Act until January 1, 2023, only be
20 available through in-person registration at a licensed track or
21 professional sports venue where the individual registering for the
22 application shall provide proof that he or she is at least eighteen
23 (18) years of age; and

24 b. After January 1, 2023, the application may be directly available
25 for download upon proof that the individual downloading the
26 application is at least eighteen (18) years of age;

27 2. Contain geographical location software to ensure that bets are placed

1 only within the boundaries of the Commonwealth; and
2 3. Include an option for advance deposit account wagering on sports
3 events.

4 (3) A licensed track or professional sports venue may contract with no more than one
5 (1) interactive sports wagering technology and service provider at a time to
6 provide services and technology which supports the track's operation of sports
7 betting both on the track and over the Internet.

8 (4) A track or professional sports venue shall not offer sports wagering until the
9 racing commission has issued a sports wagering license to the track or venue.

10 ➔SECTION 46. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
11 READ AS FOLLOWS:

12 (1) Sporting events that may be wagered upon at the discretion of the racing
13 commission include but are not limited to:

14 (a) Professional sporting events sanctioned by nationally recognized
15 organizations, including but not limited to:

16 1. The National Football League;

17 2. The National Basketball Association;

18 3. Major League Baseball;

19 4. The Professional Golfers' Association;

20 5. The National Association for Stock Car Auto Racing; and

21 6. Other nationally recognized organizations sanctioning events in
22 professional sports such as boxing, mixed martial arts, and soccer;

23 (b) College sporting events sanctioned by the National Collegiate Athletic
24 Association, the National Association of Intercollegiate Athletics, or other
25 collegiate athletic body recognized by the commission;

26 (c) International events such as the Olympics and World Cup Soccer, at the
27 discretion of the racing commission; and

1 (d) After consulting with the league or association sanctioning or authorizing
2 the sporting event, actions within a sporting event that do not represent the
3 end result of the game, but are integral to the play of the game, including
4 but not limited to:

- 5 1. The result of a putt;
6 2. The result of an at bat; or
7 3. The result of a field goal attempt.

8 (2) Random events not integral to the course of play of a sporting event, including
9 but not limited to:

- 10 (a) The result of a coin toss;
11 (b) The color of a coaches tie; or
12 (c) Other events that are not the result of the skilled play of the game;
13 shall not be wagered on, and the racing commission shall act as arbiter of
14 acceptable wagers when a question arises.

15 ➔Section 47. KRS 230.215 is amended to read as follows:

16 (1) (a) It is the policy of the Commonwealth of Kentucky, in furtherance of its
17 responsibility to foster and to encourage legitimate occupations and industries
18 in the Commonwealth and to promote and to conserve the public health,
19 safety, and welfare, and it is hereby declared the intent of the Commonwealth
20 to foster and to encourage the horse breeding industry within the
21 Commonwealth and to encourage the improvement of the breeds of horses.

22 (b) Further, it is the policy and intent of the Commonwealth to foster and to
23 encourage the business of legitimate horse racing with pari-mutuel wagering
24 thereon in the Commonwealth on the highest possible plane. Further, it hereby
25 is declared the policy and intent of the Commonwealth that all racing not
26 licensed under this chapter is a public nuisance and may be enjoined as such.

27 (c) Further, it is hereby declared the policy and intent of the Commonwealth that

1 the conduct of horse racing, or the participation in any way in horse racing, or
2 the entrance to or presence where horse racing is conducted, is a privilege and
3 not a personal right; and that this privilege may be granted or denied by the
4 racing commission or its duly approved representatives acting in its behalf.

5 (d) Further, it hereby is declared the policy and intent of the Commonwealth
6 that citizens shall be allowed to enjoy wagering on sporting events in a
7 controlled environment that protects the citizens from cheating and fraud,
8 and that such wagering shall be best controlled and overseen by the
9 Kentucky Horse Racing Commission, which has demonstrated a long and
10 successful history of regulating wagering.

11 (2) (a) It is hereby declared the purpose and intent of this chapter in the interest of the
12 public health, safety, and welfare, to vest in the racing commission forceful
13 control of horse racing in the Commonwealth with plenary power to
14 promulgate administrative regulations prescribing conditions under which all
15 legitimate horse racing and wagering thereon is conducted in the
16 Commonwealth so as to encourage the improvement of the breeds of horses in
17 the Commonwealth, to regulate and maintain horse racing at horse race
18 meetings in the Commonwealth of the highest quality and free of any corrupt,
19 incompetent, dishonest, or unprincipled horse racing practices, and to regulate
20 and maintain horse racing at race meetings in the Commonwealth so as to
21 dissipate any cloud of association with the undesirable and maintain the
22 appearance as well as the fact of complete honesty and integrity of horse
23 racing in the Commonwealth.

24 (b) In addition, it is hereby declared the purpose and intent of this chapter to
25 vest in the racing commission exclusive jurisdiction over sports wagering in
26 the Commonwealth, with the exception of fantasy contest wagering under
27 KRS Chapter 239, with plenary power to promulgate administrative

1 regulations prescribing conditions under which all legitimate sports
2 wagering is to be conducted.

3 (c) In addition to the general powers and duties vested in the racing commission
4 by this chapter, it is the intent hereby to vest in the racing commission the
5 power to eject or exclude from association grounds or any part thereof any
6 person, licensed or unlicensed, whose conduct or reputation is such that his
7 presence on association grounds may, in the opinion of the racing
8 commission, reflect on the honesty and integrity of horse racing or interfere
9 with the orderly conduct of horse racing.

10 ➔Section 48. KRS 230.225 is amended to read as follows:

11 (1) The Kentucky Horse Racing Commission is created as an independent agency of
12 state government to regulate the conduct of horse racing and pari-mutuel wagering
13 on horse racing, and sports wagering and related activities within the
14 Commonwealth of Kentucky. The racing commission shall be attached to the Public
15 Protection Cabinet for administrative purposes.

16 (2) (a) The Kentucky Horse Racing Commission shall consist of fifteen (15)
17 members appointed by the Governor, with the secretaries of the Public
18 Protection Cabinet, Tourism, Arts and Heritage Cabinet, and Economic
19 Development Cabinet, or their designees, serving as ex officio nonvoting
20 members.

21 (b) Two (2) members shall have no financial interest in the business or industry
22 regulated.

23 (c) The members of the racing commission shall be appointed to serve for a term
24 of four (4) years, except the initial terms shall be staggered as follows:

- 25 1. Five (5) members shall serve for a term of four (4) years;
- 26 2. Five (5) members shall serve for a term of three (3) years; and
- 27 3. Five (5) members shall serve for a term of two (2) years.

- 1 (d) Any member appointed to fill a vacancy occurring other than by expiration of
2 a term shall be appointed for the remainder of the unexpired term.
- 3 (e) In making appointments, the Governor may consider members broadly
4 representative of the Thoroughbred industry and members broadly
5 representative of the standardbred, quarter horse, Appaloosa, or Arabian
6 industries. The Governor may also consider recommendations from the
7 Kentucky Thoroughbred Owners and Breeders, Inc., the Kentucky Division of
8 the Horsemen's Benevolent and Protective Association, the Kentucky Harness
9 Horsemen's Association, and other interested organizations.
- 10 (3) (a) Members of the racing commission shall receive no compensation for serving
11 on the commission, but shall be reimbursed for travel expenses for attending
12 meetings and performing other official functions consistent with the
13 reimbursement policy for state employees established by KRS 45.101 and
14 administrative regulations promulgated thereunder.
- 15 (b) The Governor shall appoint one (1) member of the racing commission to serve
16 as its chairperson who shall serve at the pleasure of the Governor.
- 17 (c) The Governor shall further designate a second member to serve as vice chair
18 with authority to act in the absence of the chairperson.
- 19 (d) Before entering upon the discharge of their duties, all members of the
20 Kentucky Horse Racing Commission shall take the constitutional oath of
21 office.
- 22 (4) (a) The racing commission shall establish and maintain a general office for the
23 transaction of its business and may in its discretion establish a branch office or
24 offices.
- 25 (b) The racing commission may hold meetings at any of its offices or at any other
26 place when the convenience of the racing commission requires.
- 27 (c) All meetings of the racing commission shall be open and public, and all

1 persons shall be permitted to attend meetings.

2 (d) A majority of the voting members of the racing commission shall constitute a
3 quorum for the transaction of its business or exercise of any of its powers.

4 (5) Except as otherwise provided, the racing commission shall be responsible for the
5 following:

6 (a) Developing and implementing programs designed to ensure the safety and
7 well-being of horses, jockeys, and drivers;

8 (b) Developing programs and procedures that will aggressively fulfill its oversight
9 and regulatory role on such matters as medical practices and integrity issues;

10 (c) Recommending tax incentives and implementing incentive programs to ensure
11 the strength and growth of the equine industry;

12 (d) Designing and implementing programs that strengthen the ties between
13 Kentucky's horse industry and the state's universities, with the goal of
14 significantly increasing the economic impact of the horse industry on
15 Kentucky's economy, improving research for the purpose of promoting the
16 enhanced health and welfare of the horse, and other related industry issues;{
17 and}

18 (e) Developing and supporting programs which ensure that Kentucky remains in
19 the forefront of equine research;

20 (f) Developing monitoring programs to ensure the highest integrity of athletic
21 events and sports wagering; and

22 (g) Developing a program to share wagering information with the leagues,
23 associations, and other governing bodies sanctioning sports events upon
24 which wagers may be accepted. The program shall be designed to assist in
25 determining potential problems or questionable wagering activity so the
26 leagues, associations, and the racing commission can monitor wagering
27 activity effectively.

1 ➔ Section 49. KRS 230.240 is amended to read as follows:

- 2 (1) (a) In addition to the employees referred to in KRS 230.230, the executive
3 director of the racing commission may employ, dismiss, or take other
4 personnel action and determine the reasonable compensation of stewards,
5 supervisors of mutuels, veterinarians, inspectors, accountants, security
6 officers, and other employees deemed by the executive director to be essential
7 at or in connection with any horse race meeting and in the best interest of
8 racing, or those deemed by the executive director to be integral to the
9 conduct of sports wagering.
- 10 (b) Three (3) Thoroughbred stewards shall be employed at each Thoroughbred
11 race meeting as follows:~~[-]~~
- 12 1. Two (2) stewards shall be employed and compensated by the
13 Commonwealth, subject to reimbursement by the racing associations
14 pursuant to subsection (3) of this section; and~~[-]~~
- 15 2. One (1) Thoroughbred steward shall be employed and compensated by
16 the racing association hosting the race meeting.
- 17 (c) Three (3) standardbred judges shall be employed at each standardbred race
18 meeting as follows:~~[-]~~
- 19 1. Two (2) standardbred judges shall be employed and compensated by the
20 Commonwealth, subject to reimbursement by the racing associations
21 pursuant to subsection (3) of this section; and~~[-]~~
- 22 2. One (1) standardbred judge shall be employed and compensated by the
23 racing association hosting the race meeting.
- 24 (d) The security officers shall be peace officers and conservators of the peace on
25 racing commission property and at all race tracks and grounds in the
26 Commonwealth and shall possess all the common law and statutory powers
27 and privileges now available or hereafter made available to sheriffs,

1 constables, and police officers for the purpose of enforcing all laws relating
2 directly or indirectly to the conduct of horse racing and pari-mutuel wagering
3 thereon, the conduct of sports wagering, or the enforcement of laws relating
4 to the protection of persons or property on premises licensed by the racing
5 commission.

6 (e) The racing commission, for the purpose of maintaining integrity and honesty
7 in racing, shall prescribe by administrative regulation the powers and duties of
8 the persons employed under this section and qualifications necessary to
9 competently perform their duties. In addition, the racing commission shall be
10 responsible for seeing that racing officials employed under the provisions of
11 this section have adequate training to perform their duties in a competent
12 manner.

13 (2) (a) The racing commission shall promulgate administrative regulations for
14 effectively preventing the use of improper devices, and restricting or
15 prohibiting the use and administration of drugs or stimulants or other
16 improper acts to horses prior to the horse participating in a race.

17 (b) The racing commission may acquire, operate, and maintain, or contract for the
18 maintenance and operation of, a testing laboratory and related facilities, for
19 the purpose of saliva, urine, or other tests, and to purchase supplies and
20 equipment for and in connection with the laboratory or testing processes.

21 (c) The expense of the laboratory or other testing processes, whether furnished by
22 contract or otherwise, together with all supplies and equipment used in
23 connection therewith, shall be paid by the various associations licensed under
24 this chapter in the manner and in proportions as the racing commission shall
25 by administrative regulation provide.

26 (3) (a) The compensation of the employees referred to in this section shall be paid by
27 the licensee conducting the horse race meeting in connection with which the

1 employees are utilized or employed.

2 **(b)** The salary of the executive director to the racing commission shall be prorated
3 among and paid by the various associations licensed under this chapter in the
4 manner as the racing commission shall, by administrative regulation, provide.

5 **(c)** Except for the Thoroughbred steward and the standardbred judge authorized
6 in subsection (1) of this section, the employees referred to in this section shall
7 be deemed employees of the racing commission, and are paid by the licensee
8 or association for convenience only.

9 (4) Each person, as a condition precedent to the privilege of receiving a license under
10 this chapter to conduct a horse race meeting, shall be deemed to have agreed to pay
11 expenses and compensation as provided in this section and as may be actually and
12 reasonably incurred.

13 ➔Section 50. KRS 230.260 is amended to read as follows:

14 The racing commission, in the interest of breeding or the improvement of breeds of
15 horses, shall have all powers necessary and proper to carry out fully and effectually the
16 provisions of this chapter including but without limitation the following:

17 (1) The racing commission is vested with jurisdiction and supervision over all horse
18 race meetings **and sports wagering** in this Commonwealth and over all associations
19 and all persons on association grounds and may eject or exclude therefrom or any
20 part thereof, any person, licensed or unlicensed, whose conduct or reputation is such
21 that his presence on association grounds may, in the opinion of the racing
22 commission, **negatively** reflect on the honesty and integrity of horse racing, **or on**
23 **athletic contests upon which sports wagers have been placed,** or interfere with the
24 orderly conduct of horse racing or racing at horse race meetings; provided, however,
25 no persons shall be excluded or ejected from association grounds solely on the
26 ground of race, color, creed, national origin, ancestry, or sex;

27 (2) The racing commission is vested with jurisdiction over any person or entity that

1 offers advance deposit account wagering to Kentucky residents for pari-mutuel
2 wagering on horse racing. Any such person or entity under the jurisdiction of the
3 racing commission shall be licensed by the racing commission, and the racing
4 commission may impose a license fee not to exceed ten thousand dollars (\$10,000)
5 annually. The racing commission shall, by administrative regulation promulgated in
6 accordance with KRS Chapter 13A, establish conditions and procedures for the
7 licensing of advance deposit account wagering providers to include but not be
8 limited to:

9 (a) A fee schedule for applications for licensure; and

10 (b) Reporting requirements to include quarterly reporting on:

11 1. The amount wagered on Kentucky races; and

12 2. The total amount wagered by Kentuckians;

13 (3) The racing commission is vested with jurisdiction over any totalisator company that
14 provides totalisator services to a racing association located in the Commonwealth.
15 A totalisator company under the jurisdiction of the racing commission shall be
16 licensed by the racing commission, regardless of whether a totalisator company is
17 located in the Commonwealth or operates from a location or locations outside of the
18 Commonwealth, and the racing commission may impose a license fee on a
19 totalisator company. The racing commission shall, by administrative regulation
20 promulgated in accordance with KRS Chapter 13A, establish conditions and
21 procedures for the licensing of totalisator companies, and a fee schedule for
22 applications for licensure;

23 (4) The racing commission is vested with jurisdiction over any manufacturer,
24 wholesaler, distributor, or vendor of any equine drug, medication, therapeutic
25 substance, or metabolic derivative which is purchased by or delivered to a licensee
26 or other person participating in Kentucky horse racing by means of the Internet,
27 mail delivery, in-person delivery, or other means;

- 1 (5) The racing commission is vested with jurisdiction over any horse training center or
2 facility in the Commonwealth that records official timed workouts for publication;
- 3 (6) The racing commission may require an applicant for a license under subsections (2)
4 and (3) of this section to submit to a background check of the applicant, or of any
5 individual or organization associated with the applicant. An applicant shall be
6 required to reimburse the racing commission for the cost of any background check
7 conducted;
- 8 (7) The racing commission, its representatives and employees, may visit, investigate
9 and have free access to the office, track, facilities, or other places of business of any
10 licensee, or any person owning a horse or performing services regulated by this
11 chapter on a horse registered to participate in a breeders incentive fund under the
12 jurisdiction of the racing commission;
- 13 (8) The racing commission shall have full authority to prescribe necessary and
14 reasonable administrative regulations and conditions under which horse racing at a
15 horse race meeting shall be conducted in this state and to fix and regulate the
16 minimum amount of purses, stakes, or awards to be offered for the conduct of any
17 horse race meeting;
- 18 (9) Applications for licenses shall be made in the form, in the manner, and contain
19 information as the racing commission may, by administrative regulation, require.
20 Fees for all licenses issued under KRS 230.310 shall be prescribed by and paid to
21 the racing commission;
- 22 (10) The racing commission shall establish by administrative regulation minimum fees
23 for jockeys to be effective in the absence of a contract between an employing owner
24 or trainer and a jockey. The minimum fees shall be no less than those of July 1,
25 1985;
- 26 (11) The racing commission may refuse to issue or renew a license, revoke or suspend a
27 license, impose probationary conditions on a license, issue a written reprimand or

1 admonishment, impose fines or penalties, deny purse money, require the forfeiture
2 of purse money, or any combination thereof with regard to a licensee or other
3 person participating in Kentucky horse racing for violation of any federal or state
4 statute, regulation, or steward's or racing commission's directive, ruling, or order to
5 preserve the integrity of Kentucky horse racing or to protect the racing public. The
6 racing commission shall, by administrative regulation, establish the criteria for
7 taking the actions described in this subsection;

8 (12) The racing commission may issue subpoenas for the attendance of witnesses before
9 it and for the production of documents, records, papers, books, supplies, devices,
10 equipment, and all other instrumentalities related to pari-mutuel horse racing or
11 sports wagering within the Commonwealth. The racing commission may
12 administer oaths to witnesses and require witnesses to testify under oath whenever,
13 in the judgment of the racing commission, it is necessary to do so for the effectual
14 discharge of its duties;

15 (13) The racing commission shall have authority to compel any racing association
16 licensed under this chapter to file with the racing commission at the end of its fiscal
17 year, a balance sheet, showing assets and liabilities, and an earnings statement,
18 together with a list of its stockholders or other persons holding a beneficial interest
19 in the association; and

20 (14) The racing commission shall promulgate administrative regulations establishing
21 safety standards for jockeys, which shall include the use of rib protection
22 equipment. Rib protection equipment shall not be included in a jockey's weight.

23 ➔SECTION 51. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
24 READ AS FOLLOWS:

25 (1) No person shall conduct or offer to conduct sports wagering within the
26 Commonwealth of Kentucky without obtaining a sports wagering license from
27 the racing commission.

1 (2) As a prerequisite to obtaining a sports wagering license, a person shall be:

2 (a) Licensed as an association under KRS 230.300; or

3 (b) A professional sports venue sanctioned by one (1) or more of the
4 professional sports leagues recognized under subsection (1)(a) of Section 46
5 of this Act.

6 (3) In addition to the requirement in subsection (2) of this section, an initial
7 licensing fee of five hundred thousand dollars (\$500,000) shall be paid to the
8 racing commission before a license may be issued.

9 (4) An annual renewal fee of fifty thousand dollars (\$50,000) shall be required for
10 each sports wagering license.

11 (5) Licensing fees paid under this section shall be deposited into the wagering
12 administration fund established by Section 38 of this Act.

13 ➔Section 52. KRS 230.320 is amended to read as follows:

14 (1) Every license granted under this chapter is subject to denial, revocation, or
15 suspension.~~[, and]~~

16 (2) Every racing licensee or other person participating in Kentucky horse racing may be
17 assessed an administrative fine and required to forfeit or return a purse, by the
18 racing commission in any case where it has reason to believe that any provision of
19 this chapter, administrative regulation, or condition of the racing commission
20 affecting it has not been complied with or has been broken or violated. The racing
21 commission may deny, revoke, or suspend a license for failure by the licensee or
22 other person participating in Kentucky horse racing to pay an administrative fine
23 imposed upon the licensee by the stewards or the racing commission. The racing
24 commission, in the interest of honesty and integrity of horse racing, may promulgate
25 administrative regulations under which any license may be denied, suspended, or
26 revoked, and under which any licensee or other person participating in Kentucky
27 horse racing may be assessed an administrative fine or required to forfeit or return a

1 purse.

- 2 ~~(3)~~~~(2)~~ (a) Following a hearing by the stewards, a person who has been disciplined
3 by a ruling of the stewards may apply to the racing commission for a stay of
4 the ruling, pending action on an appeal by the racing commission.
- 5 (b) An application for a stay shall be received by the executive director or his
6 designee within ten (10) calendar days of the issuance of the stewards' ruling.
- 7 (c) An application for a stay shall be in writing and include the following:
- 8 1. The name, address, telephone number, and signature of the person
9 requesting the stay;
- 10 2. A statement of the justification for the stay; and
- 11 3. The period of time for which the stay is requested.
- 12 (d) On a finding of good cause, the executive director or his designee may grant
13 the stay. The executive director or his designee shall issue a written decision
14 granting or denying the request for stay within five (5) calendar days from the
15 time the application for stay is received by the executive director or his
16 designee. If the executive director or his designee fails to timely issue a
17 written decision, then the stay is deemed granted. The executive director or his
18 designee may rescind a stay granted under this subsection for good cause.
- 19 (e) A person who is denied a stay by the executive director or his designee, or has
20 a previously granted stay rescinded under paragraph (d) of this subsection,
21 may petition the racing commission to overrule the executive director's or
22 designee's denial or rescission of the stay. The petition shall be filed in writing
23 with the chairperson of the racing commission and received by the chairperson
24 within ten (10) calendar days of the mailing of the executive director's or
25 designee's denial of the stay. The petition shall state the name, address, phone
26 number, and signature of the petitioner; a statement of justification of the stay;
27 and the time period for which the stay is requested. The chairperson shall

1 convene a special meeting of the racing commission within ten (10) calendar
2 days of receipt of the petition, and the racing commission shall issue a written
3 final order granting or denying the petition within two (2) calendar days of the
4 special meeting. If the racing commission fails to timely issue a final order on
5 the petition, then the stay is granted. The racing commission may rescind a
6 stay granted under this subsection for good cause.

7 (f) A person who is denied or has a previously granted stay rescinded by the
8 racing commission may file an appeal of the final written order of the racing
9 commission in the Circuit Court of the county in which the cause of action
10 arose.

11 (g) The fact that a stay is granted is not a presumption that the ruling by the
12 stewards is invalid.

13 ~~(4)~~~~(3)~~ If any *racing-associated* license is denied, suspended, or revoked, or if any
14 licensee or other person participating in Kentucky horse racing is assessed an
15 administrative fine or required to forfeit or return a purse, after a hearing by the
16 stewards or by the racing commission acting on a complaint or by its own volition,
17 the racing commission shall grant the applicant, licensee, or other person the right
18 to appeal the decision, and upon appeal, an administrative hearing shall be
19 conducted in accordance with KRS Chapter 13B.

20 ~~(5)~~~~(4)~~ The racing commission may at any time order that any case pending before the
21 stewards be immediately transferred to the racing commission for an administrative
22 hearing conducted in accordance with KRS Chapter 13B.

23 ~~(6)~~~~(5)~~ (a) In an administrative appeal to the racing commission by a licensee or
24 other person participating in Kentucky horse racing, the racing commission
25 may determine in its final order that the appeal is frivolous. If the racing
26 commission finds that an appeal is frivolous:

27 1. This fact shall be considered an aggravating circumstance and may be

1 considered in assessing any penalty against the licensee; and
2 2. The licensee or other person who raised the appeal may be required to
3 reimburse the racing commission for the cost of the investigation of the
4 underlying circumstances of the case and the cost of the adjudication of
5 the appeal. Costs may include but are not limited to fees paid to a
6 hearing officer or court reporter, attorneys fees, and laboratory expenses.

7 (b) The racing commission shall by administrative regulation prescribe the
8 conditions or factors by which an appeal may be determined to be frivolous.

9 ~~(7)(6)~~ Any administrative action authorized in this chapter shall be in addition to any
10 criminal penalties provided in this chapter or under other provisions of law.

11 ➔Section 53. KRS 230.361 is amended to read as follows:

12 (1) (a) The racing commission shall promulgate administrative regulations governing
13 and regulating mutuel wagering on horse races under what is known as the
14 pari-mutuel system of wagering.

15 (b) The wagering shall be conducted only by a person licensed under this chapter
16 to conduct a race meeting and only upon the licensed premises, and provided
17 further that only pari-mutuel wagering on simulcasting shall be allowed at
18 simulcast facilities.

19 (c) The pari-mutuel system of wagering shall be operated only by a totalizator or
20 other mechanical equipment approved by the racing commission. The racing
21 commission shall not require any particular make of equipment.

22 (2) The racing commission shall promulgate administrative regulations governing
23 and regulating sports wagering. The wagering shall be conducted only by persons
24 licensed under this chapter.

25 (3) The operation of a pari-mutuel system for betting, or the conduct of sports
26 wagering, where authorized by law shall not constitute grounds for the revocation
27 or suspension of any license issued and held under KRS 242.1238 and 243.265.

1 ~~(4)~~~~(3)~~ All reported but unclaimed pari-mutuel or sports wagering winning tickets
2 held in this state by any person or association operating a pari-mutuel, sports
3 wagering, or similar system of betting conducted through a licensed association~~+~~
4 ~~at horse race meetings~~ shall be presumed abandoned if not claimed by the person
5 entitled to them within one (1) year from the time the ticket became payable.

6 ~~(5)~~~~(4)~~ The racing commission may issue a license to conduct pari-mutuel wagering
7 on steeple chases or other racing over jumps; if all proceeds from the wagering,
8 after expenses are deducted, is used for charitable purposes. If the dates requested
9 for such a license have been granted to a track within a forty (40) mile radius of the
10 race site, the racing commission shall not issue a license until it has received written
11 approval from the affected track. Pari-mutuel wagering licensed and approved under
12 this subsection shall be limited to four (4) days per year. All racing and wagering
13 authorized by this subsection shall be conducted in accordance with applicable
14 administrative regulations promulgated by the racing commission.

15 ➔Section 54. KRS 230.3615 is amended to read as follows:

16 (1) The commission, including the tax levied in KRS 138.510, deducted from the gross
17 amount wagered on horse racing by the association which operates a race track
18 under the jurisdiction of the Kentucky Horse Racing Commission and conducts the
19 Thoroughbred racing at which betting is conducted through a pari-mutuel or other
20 similar system, in races where the patron is required to select one (1) horse, and the
21 breaks, which breaks shall be made and calculated to the dime, shall not be more
22 than sixteen percent (16%) at the discretion of those tracks averaging over one
23 million two hundred thousand dollars (\$1,200,000) in on-track pari-mutuel handle
24 per day of live racing conducted by the association. The commission at those tracks
25 averaging one million two hundred thousand dollars (\$1,200,000) or less in on-track
26 pari-mutuel handle per day of live racing conducted by the association, at the
27 discretion of such track, shall not be more than seventeen and one-half percent

- 1 (17.5%) in races where the patron is required to select one (1) horse, and the breaks,
2 which breaks shall be made and calculated to the dime.
- 3 (2) The commission at those tracks averaging over one million two hundred thousand
4 dollars (\$1,200,000) in on track pari-mutuel handle per day of live racing conducted
5 by the association, including the tax levied in KRS 138.510, deducted from the
6 gross amount wagered by the person, corporation, or association which operates a
7 race track under the jurisdiction of the Kentucky Horse Racing Commission and
8 conducts Thoroughbred racing at which betting is conducted through a pari-mutuel
9 or other similar system shall not exceed nineteen percent (19%) of the gross handle
10 in races where the patron is required to select two (2) or more horses, and the
11 breaks, which breaks shall be made and calculated to the dime. The commission, at
12 those tracks averaging one million two hundred thousand dollars (\$1,200,000) or
13 less in on track pari-mutuel handle per day of live racing conducted by the
14 association, including the tax levied in KRS 138.510, deducted from the gross
15 amount wagered by the association which operates a race track under the
16 jurisdiction of the Kentucky Horse Racing Commission and conducts Thoroughbred
17 racing at which betting is conducted through a pari-mutuel or other similar system
18 shall not exceed twenty-two percent (22%) of the gross handle in races where the
19 patron is required to select two (2) or more horses, and the breaks, which breaks
20 shall be made and calculated to the dime.
- 21 (3) The minimum pari-mutuel wager to be accepted by any licensed association shall
22 be ten cents (\$0.10). The minimum pay-off on a one dollar (\$1) pari-mutuel wager
23 shall be one dollar and ten cents (\$1.10); but, in the event of a minus pool, the
24 minimum pay-off for a one dollar (\$1) pari-mutuel wager shall be one dollar and
25 five cents (\$1.05).
- 26 (4) Each association conducting Thoroughbred racing and averaging one million two
27 hundred thousand dollars (\$1,200,000) or less in on-track pari-mutuel handle per

day of live racing conducted by the association shall pay to the racing commission all moneys allocated to the Thoroughbred backside improvement fund in an amount equal to one-half of one percent (0.5%) of its on-track pari-mutuel wagers.

➔SECTION 55. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, "adjusted gross revenue" means the total sum of bets collected by a sports wagering licensee, less winnings paid to participants in the contest.

(2) A tax is imposed on persons licensed to conduct sports wagering under KRS Chapter 230 at a rate of:

(a) Nine and three-quarters percent (9.75%) on the adjusted gross revenue on wagers placed at the licensed track or professional sports venue; or

(b) Fourteen and one-quarter percent (14.25%) on wagers placed online or via smart phone or other off-site technology approved by the Kentucky Horse Racing Commission;

and shall be appropriated to the wagering administration fund established in Section 38 of this Act and appropriated for the purposes established in that section.

(3) In addition to the tax imposed by subsection (2)(a) of this section, a tax of half of one percent (.5%) is imposed on the adjusted gross revenue on wagers placed at a licensed track and shall be allocated:

(a) To the Thoroughbred development fund established by KRS 230.400 if the revenue is from a Thoroughbred track;

(b) To the Standardbred development fund established by KRS 230.770 if the revenue is from a Standardbred track; or

(c) To be split evenly between the Thoroughbred development fund and the Standardbred development fund if the revenue is from a track racing both

1 Thoroughbreds and Standardbreds.

2 (4) The department shall enforce the provisions of and collect the taxes and penalties
3 imposed in this section, and in doing so it shall have the general powers and
4 duties granted it in KRS Chapters 131 and 135, including the power to enforce,
5 by an action in the Franklin Circuit Court, the collection of the taxes, penalties,
6 and other payments imposed or required by this section.

7 (5) The tax imposed by this section is due and payable to the department monthly
8 and shall be remitted on or before the twentieth day of the next succeeding
9 calendar month.

10 (6) (a) Payment shall be accompanied by a return form which the department shall
11 prescribe.

12 (b) The return form shall report, at a minimum:

- 13 1. The total handle;
14 2. Prizes paid;
15 3. Adjusted gross revenue; and
16 4. Wagering tax due.

17 (7) Wagering taxes due and payable in accordance with this section shall be paid via
18 electronic funds transfer. Sports wagering licensees shall provide the department
19 with all protocol documentation and electronic funds transfer data necessary to
20 facilitate the timely transfer of funds.

21 (8) Any person who violates any provision of this section shall be subject to the
22 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax
23 interest rate as defined in KRS 131.010(6).

24 (9) The Kentucky Horse Racing Commission may suspend, revoke, or decline to
25 renew a license upon the licensee's failure to timely submit payment of taxes due
26 under this section or the administrative regulations promulgated by the
27 department thereto.

1 ➔Section 56. KRS 230.362 is amended to read as follows:

2 Any person holding unclaimed pari-mutuel or sports wagering winning tickets presumed
3 abandoned under the provisions of KRS 230.361 shall file annually, on or before
4 September 1 of each year, with the office of the racing commission a list of and the
5 amounts represented by unclaimed pari-mutuel or sports wagering tickets held by such
6 person as of July 1, and other information as the racing commission may require for the
7 administration of KRS 230.361 to 230.373. The report shall be made in duplicate; the
8 original shall be retained by the racing commission and the copy shall be mailed to the
9 sheriff of the county where the unclaimed pari-mutuel or sports wagering tickets are
10 held. It shall be the duty of the sheriff to post for not less than twenty (20) consecutive
11 days a copy of the report on the courthouse door or the courthouse bulletin board, and to
12 publish the copy in the manner set forth by KRS Chapter 424. The cost of the publication
13 shall be paid by the racing commission. The sheriff shall immediately certify in writing to
14 the racing commission the dates when the list was posted and published. The list shall be
15 posted and published as required on or before October 1 of the year when it is made, and
16 such posting and publishing shall be constructive notice to all holders of pari-mutuel and
17 sports wagering tickets which have remained unclaimed for a period of one (1) year from
18 the time the ticket became payable.

19 ➔Section 57. KRS 230.363 is amended to read as follows:

20 Any person who has made a report of unclaimed pari-mutuel or sports wagering tickets
21 to the racing commission as required by KRS 230.362 shall, between November 1 and
22 November 15 of each year, turn over to the racing commission the sum represented by the
23 unclaimed pari-mutuel or sports wagering tickets so reported; but if the person making
24 the report or the owner of the unclaimed pari-mutuel or sports wagering ticket certifies to
25 the racing commission by sworn statement that any or all of the statutory conditions
26 necessary to create a presumption of abandonment no longer exists or never did exist, or
27 shall certify existence of any fact or circumstance in which there is substantial evidence to

1 rebut such presumption, then, the person reporting the unclaimed pari-mutuel or sports
2 wagering tickets or holding the sum represented by the unclaimed pari-mutuel or sports
3 wagering tickets as reported shall not be required to turn over said sum to the racing
4 commission except upon order of court. If the holder of any unclaimed pari-mutuel or
5 sports wagering ticket files an action in court claiming the sum which has been reported
6 under the provisions of KRS 230.362, the person reporting or holding the sum
7 represented by said unclaimed pari-mutuel or sports wagering ticket shall be under no
8 duty while any such action is pending to turn over said sum to the racing commission, but
9 shall have the duty of notifying the racing commission of the pendency of such action.

10 ➔Section 58. KRS 230.364 is amended to read as follows:

11 Any person holding an unclaimed pari-mutuel or sports wagering ticket or any person
12 holding the sum represented by an unclaimed pari-mutuel or sports wagering ticket, or
13 any claimant thereto shall have the right to a judicial determination of his rights under
14 KRS 230.361 to 230.373 and nothing therein shall be construed otherwise; and the racing
15 commission may institute an action to recover the sum represented by the unclaimed pari-
16 mutuel or sports wagering tickets which are presumed abandoned whether said sum has
17 been reported or not and may include in one (1) petition the sum represented by all the
18 unclaimed pari-mutuel or sports wagering tickets as defined herein within the
19 jurisdiction of the court in which the action is brought.

20 ➔Section 59. KRS 230.365 is amended to read as follows:

21 Any person who pays the sum represented by the unclaimed pari-mutuel or sports
22 wagering tickets to the racing commission under KRS 230.363 is relieved of all liability
23 for the value of said unclaimed pari-mutuel or sports wagering tickets for any claim
24 made in respect of said unclaimed pari-mutuel or sports wagering tickets.

25 ➔Section 60. KRS 230.366 is amended to read as follows:

26 Any person claiming an interest in any unclaimed pari-mutuel or sports wagering ticket
27 which has been paid or surrendered to the racing commission in accordance with KRS

1 230.361 to 230.373 may file his claim to it at any time after it was paid to the racing
2 commission.

3 ➔Section 61. KRS 230.369 is amended to read as follows:

4 The racing commission, through its employees, may examine all records of any person
5 where there is reason to believe that there has been or is a failure to report unclaimed
6 pari-mutuel or sports wagering tickets.

7 ➔Section 62. KRS 230.371 is amended to read as follows:

8 The racing commission may require the production of reports or the surrender of sums
9 represented by unclaimed pari-mutuel or sports wagering tickets as provided in KRS
10 230.361 to 230.373 by civil equity action, including, but not limited to, an action in the
11 nature of a bill of discovery, in which case the defendant shall pay a penalty equal to ten
12 percent (10%) of all amounts that he is ultimately required to surrender. The racing
13 commission shall follow the procedures provided by the Rules of Civil Procedure.

14 ➔Section 63. KRS 230.372 is amended to read as follows:

15 Any payments made to any persons claiming an interest in an unclaimed pari-mutuel or
16 sports wagering ticket, and any necessary expense including, but not limited to,
17 administrative costs, advertising costs, court costs and attorney's fees, required to be paid
18 by the racing commission in administering or enforcing the provisions of KRS 230.361 to
19 230.373 shall be deducted from sums received by the racing commission prior to payment
20 to the Kentucky Racing Health and Welfare Fund.

21 ➔Section 64. KRS 230.373 is amended to read as follows:

22 Any holder of unclaimed pari-mutuel or sports wagering tickets affected by KRS
23 230.361 to 230.373 under disability shall have five (5) years after the disability is
24 removed in which to take any action or procedure or make any defense allowed to one sui
25 juris.

26 ➔Section 65. KRS 230.374 is amended to read as follows:

27 All sums reported and paid to the racing commission under the provisions of KRS

1 230.361 to 230.373, with the exception of funds paid on sports wagering tickets and
2 under KRS 230.398, shall be paid by the racing commission to the Kentucky Racing
3 Health and Welfare Fund, Inc., a nonprofit charitable corporation, organized for the
4 benefit, aid, assistance, and relief of Thoroughbred owners, trainers, jockeys, valets,
5 exercise riders, grooms, stable attendants, pari-mutuel clerks, and other Thoroughbred
6 racing personnel employed in connection with racing, and their spouses and children, who
7 can demonstrate their need for financial assistance connected with death, illness, or off-
8 the-job injury and are not otherwise covered by union health and welfare plans, workers'
9 compensation, Social Security, public welfare, or any type of health, medical, death, or
10 accident insurance. These sums shall be paid on or before December 31 in each year,
11 however, no payments shall be made by the racing commission to the Kentucky Racing
12 Health and Welfare Fund, Inc., unless the racing commission and the Auditor of Public
13 Accounts are satisfied that the fund is in all respects being operated for the charitable and
14 benevolent purposes as set forth in this section and that no part of the funds paid to the
15 fund by the racing commission or any net earnings of the fund inure to the benefit of any
16 private individual, director, officer, or member of the fund or any of the persons who
17 turned over sums to the racing commission representing unclaimed pari-mutuel tickets.

18 ➔Section 66. KRS 230.750 is amended to read as follows:

19 The commission, including the tax levied in KRS 138.510, deducted from the gross
20 amount wagered by the person, corporation, or association which operates a harness horse
21 track under the jurisdiction of the racing commission at which betting is conducted
22 through a pari-mutuel or other similar system shall not exceed eighteen percent (18%) of
23 the gross amount handled on straight pari-mutuel wagering pools and twenty-five percent
24 (25%) of the gross amount handled on multiple pari-mutuel wagering pools, plus the
25 breaks, which shall be made and calculated to the dime. Multiple pari-mutuel wagering
26 pools shall include daily double, perfecta, double perfecta, quinella, double quinella,
27 trifecta, and other types of exotic betting. An amount equal to three percent (3%) of the

1 total amount wagered on pari-mutuel racing and included in the commission of a
2 harness host track shall be allocated by the harness host track in the following manner.
3 Two percent (2%) shall be allocated to the host for capital improvements, promotions,
4 including advertising, or purses, as the host track shall elect. Three-quarters of one
5 percent (3/4 of 1%) shall be allocated to overnight purses. One-quarter of one percent (1/4
6 of 1%) shall be allocated to the Kentucky standardbred development fund. This allocation
7 shall be made after deduction from the commission of the pari-mutuel tax but prior to any
8 other deduction, allocation or division of the commission.

9 ➔SECTION 67. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
10 READ AS FOLLOWS:

11 (1) A person shall not place a sports wager on a game or event in which he or she is
12 a participant.

13 (2) As used in this section, "participant" includes:

14 (a) Players;

15 (b) Coaches;

16 (c) Referees, umpires, judges, or other officials involved in enforcing the rules
17 of the game;

18 (d) Spouses and close family members of persons included in paragraphs (a) to
19 (c) of this subsection;

20 (e) Owners or shareholders of professional sports teams who might have
21 influence over players and coaches through the ability to hire or fire; and

22 (f) Employees of companies supplying technology or services related to sports
23 wagering to a track or professional sports venue.

24 (3) A person is guilty of tampering with the outcome of a sporting event when the
25 person interacts with a player, coach, referee, or other participant with the intent
26 to persuade the participant to act in a way that would:

27 (a) Alter the outcome of the sporting event; or

(b) Alter actions within the sporting event upon which people might place sports wagers.

➔Section 68. KRS 230.990 is amended to read as follows:

(1) Any person who violates KRS 230.070 or KRS 230.080(3) shall be guilty of a Class D felony.

(2) Any person who violates KRS 230.090 shall be guilty of a Class A misdemeanor.

(3) Any person who violates KRS 230.680 shall be guilty of a Class A misdemeanor.

(4) Any person who refuses to make any report or to turn over sums as required by KRS 230.361 to 230.373 shall be guilty of a Class A misdemeanor.

(5) Any person failing to appear before the racing commission at the time and place specified in the summons issued pursuant to KRS 230.260(12), or refusing to testify, shall be guilty of a Class B misdemeanor. False swearing on the part of any witness shall be deemed perjury and punished as such.

(6) (a) A person is guilty of tampering with or interfering with a horse race when, with the intent to influence the outcome of a horse race, he uses any device, material, or substance not approved by the Kentucky Horse Racing Commission on or in any participant involved in or eligible to compete in a horse race to be viewed by the public.

(b) Any person who, while outside the Commonwealth and with intent to influence the outcome of a horse race contested within the Commonwealth, tampers with or interferes with any equine participant involved in or eligible to compete in a horse race in the Commonwealth is guilty of tampering with or interfering with a horse race.

(c) Tampering with or interfering with a horse race is a Class C felony.

(7) Any participant who wagers on a sporting event in violation of Section 67 of this Act is guilty of a Class A misdemeanor.

(8) Any person tampering with the outcome of a sporting event in violation of

1 **Section 67 of this Act is guilty of a Class C felony.**

2 ➔Section 69. KRS 243.500 is amended to read as follows:

3 Any license may be revoked or suspended for the following causes:

- 4 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
5 any illegal alcoholic beverages on the licensed premises.
- 6 (2) Making any false, material statements in an application or renewal application for a
7 license or supplemental license.
- 8 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 9 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,
10 or any act regulating the manufacture, sale, and transportation of alcoholic
11 beverages within two (2) consecutive years;
- 12 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
13 alcoholic beverages within two (2) consecutive years; or
- 14 (c) Any felony.
- 15 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any
16 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
17 Congress relative to taxation, or for a violation of any related administrative
18 regulations promulgated by the Department of Revenue.
- 19 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
20 and 243.610, or granted under any Act of Congress relative to the regulation of the
21 manufacture, sale, and transportation of alcoholic beverages.
- 22 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any
23 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
24 facility for betting or transmitting bets on horse races; or permitting to be set up,
25 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
26 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.
- 27 This subsection shall not apply to:

- 1 (a) The sale of lottery tickets sold, or the conduct and operation of limited or
2 full casino gaming, or the possession of gaming devices, supplies, or
3 equipment used in the conduct of casino gaming under the provisions of
4 KRS Chapter 154A;
- 5 (b) The operation of a pari-mutuel system for betting, or the operation of sports
6 wagering, where authorized by law;
- 7 (c) The conduct of charitable gaming by a charitable organization licensed or
8 permitted under KRS Chapter 238;[~~or~~]
- 9 (d) Special temporary raffles of alcoholic beverages under KRS 243.036; or
10 (e) The conduct of fantasy contests or online poker licensed under KRS
11 Chapter 239.
- 12 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:
- 13 (a) The trafficking or possession upon the licensed premises of controlled or
14 illegal substances described in KRS Chapter 218A, including synthetic drugs;
- 15 (b) Knowingly permitting the trafficking or possession by patrons upon the
16 licensed premises of controlled or illegal substances described in KRS
17 Chapter 218A, including synthetic drugs; or
- 18 (c) Knowingly receiving stolen property upon the licensed premises.
- 19 (8) Failure to comply with the terms of a final order of the board.
- 20 ➔Section 70. KRS 525.090 is amended to read as follows:
- 21 (1) A person is guilty of loitering when he or she:
- 22 (a) Loiters or remains in a public place for the purpose of gambling with cards,
23 dice or other gambling paraphernalia, except that the provisions of this section
24 shall not apply if the person is participating in charitable gaming defined by
25 KRS 238.505, or is engaged in casino gaming licensed under KRS Chapter
26 154A, or sports wagering licensed under KRS Chapter 230, or fantasy
27 contests or online poker authorized under KRS Chapter 239; or

- 1 (b) Loiters or remains in a public place for the purpose of unlawfully using a
2 controlled substance; or
- 3 (c) Loiters or remains in or about a school, college or university building or
4 grounds, not having any reason or relationship involving custody of or
5 responsibility for a pupil or student or any other specific legitimate reason for
6 being there and not having written permission from anyone authorized to grant
7 the same; or
- 8 (d) Loiters or remains in any transportation facility, unless specifically authorized
9 to do so, for the purpose of soliciting or engaging in any business, trade or
10 commercial transactions involving the sale of merchandise or services.

11 (2) Loitering is a violation.

12 ➔Section 71. KRS 528.010 is amended to read as follows:

13 The following definitions apply in this chapter unless the context otherwise requires:

- 14 (1) "Advancing gambling activity" -- A person "advances gambling activity" when,
15 engaged in gambling not licensed under KRS Chapter 154A, 230, or 239, or
16 acting other than as a player, he or she engages in conduct that materially aids any
17 form of gambling activity. The conduct shall include, but is not limited to, conduct
18 directed toward the establishment of the particular game, contest, scheme, device, or
19 activity involved; toward the acquisition or maintenance of premises, paraphernalia,
20 equipment, or apparatus therefor; toward the solicitation or inducement of persons
21 to participate therein; toward the actual conduct of the playing phases thereof;
22 toward the arrangement of any of its financial or recording phases or toward any
23 other phase of its operation. A person who gambles at a social game of chance on
24 equal terms with other participants does not otherwise advance gambling activity by
25 performing acts, without remuneration or fee, directed toward the arrangement or
26 facilitation of the game as inviting persons to play, permitting the use of premises
27 therefor and supplying equipment used therein;

- 1 (2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets
2 upon the outcome of future contingent events from members of the public as a
3 business **not authorized under KRS Chapter 230 or 239;**
- 4 (3) "Charitable gaming" means games of chance conducted by charitable organizations
5 licensed and regulated under the provisions of KRS Chapter 238;
- 6 (4) (a) "Gambling" means staking or risking something of value upon the outcome of
7 a contest, game, gaming scheme, or gaming device which is based upon an
8 element of chance, in accord with an agreement or understanding that
9 someone will receive something of value in the event of a certain outcome. A
10 contest or game in which eligibility to participate is determined by chance and
11 the ultimate winner is determined by skill shall not be considered to be
12 gambling.
- 13 (b) Gambling shall not mean:
- 14 **1. Charitable gaming which is licensed and regulated under the provisions**
15 **of KRS Chapter 238;**
- 16 **2. Full or limited casino gaming licensed under KRS Chapter 154A;**
17 **3. Fantasy contests or online poker wagering authorized under KRS**
18 **Chapter 239; or**
- 19 **4. Activities licensed under KRS Chapter 230;**
- 20 (5) "Gambling device" means:
- 21 (a) Any so-called slot machine or any other machine or mechanical device an
22 essential part of which is a drum or reel with insignia thereon, and which
23 when operated may deliver, as a result of the application of an element of
24 chance, any money or property, or by the operation of which a person may
25 become entitled to receive, as the result of the application of an element of
26 chance, any money or property;
- 27 (b) Any mechanical or electronic device permanently located in a business

1 establishment, including a private club, that is offered or made available to a
2 person to play or participate in a simulated gambling program in return for
3 direct or indirect consideration, including but not limited to consideration paid
4 for Internet access or computer time, or a sweepstakes entry, which when
5 operated may deliver as a result of the application of an element of chance,
6 any money or property, or by the operation of which a person may become
7 entitled to receive, as the result of the application of an element of chance, any
8 money or property; or

9 (c) Any other machine or any mechanical or other device, including but not
10 limited to roulette wheels, gambling tables and similar devices, designed and
11 manufactured primarily for use in connection with gambling and which when
12 operated may deliver, as the result of the application of an element of chance,
13 any money or property, or by the operation of which a person may become
14 entitled to receive, as the result of the application of an element of chance, any
15 money or property;

16 (d) But, the following shall not be considered gambling devices within this
17 definition:

- 18 1. Devices dispensing or selling combination or French pools on licensed,
19 regular racetracks during races on said tracks;
- 20 2. Devices dispensing or selling combination or French pools on historical
21 races at licensed, regular racetracks as lawfully authorized by the
22 Kentucky Horse Racing Commission;
- 23 3. Electro-mechanical pinball machines specially designed, constructed, set
24 up, and kept to be played for amusement only. Any pinball machine
25 shall be made to receive and react only to the deposit of coins during the
26 course of a game. The ultimate and only award given directly or
27 indirectly to any player for the attainment of a winning score or

1 combination on any pinball machine shall be the right to play one (1) or
2 more additional games immediately on the same device at no further
3 cost. The maximum number of free games that can be won, registered,
4 or accumulated at one (1) time in operation of any pinball machine shall
5 not exceed thirty (30) free games. Any pinball machine shall be made to
6 discharge accumulated free games only by reactivating the playing
7 mechanism once for each game released. Any pinball machine shall be
8 made and kept with no meter or system to preserve a record of free
9 games played, awarded, or discharged. Nonetheless, a pinball machine
10 shall be a gambling device if a person gives or promises to give money,
11 tokens, merchandise, premiums, or property of any kind for scores,
12 combinations, or free games obtained in playing the pinball machine in
13 which the person has an interest as owner, operator, keeper, or
14 otherwise;~~[-or]~~

15 4. Devices used in the conduct of charitable gaming;

16 5. Devices licensed under KRS Chapter 154A;

17 6. Devices used in the conduct of fantasy contest or online poker
18 wagering authorized under KRS Chapter 239; or

19 7. Devices used in the conduct of sports wagering licensed under KRS
20 Chapter 230;

21 (6) "Lottery and gift enterprise" means:

22 (a) A gambling scheme in which:

- 23 1. The players pay or agree to pay something of value for chances,
24 represented and differentiated by numbers or by combinations of
25 numbers or by some other media, one (1) or more of which are to be
26 designated the winning ones; and
27 2. The ultimate winner is to be determined by a drawing or by some other

1 method based upon the element of chance; and

2 3. The holders of the winning chances are to receive something of value;
3 and

4 (b) A gift enterprise or referral sales plan which meets the elements of a lottery
5 listed in paragraph (a) of this subsection is to be considered a lottery under
6 this chapter;

7 (7) "Mutuel" or "the numbers games" means a form of lottery in which the winning
8 chances or plays are not determined upon the basis of a drawing or other act on the
9 part of persons conducting or connected with the scheme, but upon the basis of the
10 outcome or outcomes of a future contingent event or events otherwise unrelated to
11 the particular scheme;

12 (8) "Player" means a person who engages in any form of gambling solely as a
13 contestant or bettor, without receiving or becoming entitled to receive any profit
14 therefrom other than personal gambling winnings, and without otherwise rendering
15 any material assistance to the establishment, conduct, or operation of the particular
16 gambling activity. A person who engages in "bookmaking" as defined in subsection
17 (2) of this section is not a "player." The status of a "player" shall be a defense to any
18 prosecution under this chapter;

19 (9) "Profiting from gambling activity" -- A person "profits from gambling activity"
20 when, **not licensed under KRS Chapter 154A, 230, or 239 and acting** other than as
21 a player, he **or she** accepts or receives or agrees to accept or receive money or other
22 property pursuant to an agreement or understanding with any person whereby he **or**
23 **she** participates or is to participate in the proceeds of gambling activity;

24 (10) "Simulated gambling program" means any method intended to be used by a person
25 playing, participating, or interacting with an electronic device **not licensed under**
26 **KRS Chapter 154A** that may, through the application of an element of chance,
27 either deliver money or property or an entitlement to receive money or property; and

1 (11) "Something of value" means any money or property, any token, object, or article
2 exchangeable for money or property, or any form of credit or promise directly or
3 indirectly contemplating transfer of money or property or of any interest therein, or
4 involving extension of a service, entertainment, or a privilege of playing at a game
5 or scheme without charge.

6 ➔Section 72. KRS 528.020 is amended to read as follows:

7 (1) A person is guilty of promoting gambling in the first degree when he or she
8 knowingly advances or profits from unlawful gambling activity not authorized by
9 KRS 230 or 239 by:

10 (a) Engaging in bookmaking to the extent that he or she employs or utilizes three
11 or more persons in a bookmaking activity and receives or accepts in any one
12 day bets totaling more than \$500; or

13 (b) Receiving in connection with a lottery or mutuel scheme or enterprise:

14 1. Money or written records from a person other than a player whose
15 chances or plays are represented by such money or records; or

16 2. More than \$500 in any one day of money played in the scheme or
17 enterprise; or

18 (c) Setting up and operating a gambling device.

19 (2) Promoting gambling in the first degree is a Class D felony.

20 ➔Section 73. KRS 528.070 is amended to read as follows:

21 (1) A person is guilty of permitting gambling when, having possession or control of
22 premises which he or she knows are being used to advance gambling activity not
23 licensed under KRS Chapter 154A, 230, or 239, he or she fails to halt or abate or
24 attempt to halt or abate such use within a reasonable period of time.

25 (2) Permitting gambling is a Class B misdemeanor.

26 ➔Section 74. KRS 528.080 is amended to read as follows:

27 (1) A person is guilty of possession of a gambling device when, with knowledge of the

1 character thereof, he or she manufactures, sells, transports, places or possesses a
2 gambling device without the appropriate license required under KRS Chapter
3 154A, 230, or 239, or conducts or negotiates any transaction affecting or designed
4 to affect ownership, custody or use of any gambling device without the appropriate
5 license required under KRS Chapter 154A, 230, or 239, believing that it is to be
6 used in the advancement of unlawful gambling activity.

7 (2) Possession of a gambling device is a Class A misdemeanor.

8 ➔Section 75. KRS 528.100 is amended to read as follows:

9 Any gambling device or gambling record possessed or used in violation of this chapter is
10 forfeited to the state, and shall be disposed of in accordance with KRS 500.090, except
11 that the provisions of this section shall not apply to charitable gaming activity as defined
12 by KRS 528.010(3), limited or full casino gaming licensed under KRS Chapter 154A,
13 fantasy contests authorized by KRS Chapter 239, or sports wagering licensed under
14 KRS Chapter 230.