

1 AN ACT relating to pari-mutuel wagering and declaring an emergency.

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

3 ➔Section 1. KRS 11A.010 (Effective until April 1, 2021) is amended to read as
4 follows:

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

- 6 (1) "Business" means any corporation, limited liability company, partnership, limited
7 partnership, sole proprietorship, firm, enterprise, franchise, association,
8 organization, self-employed individual, holding company, joint stock company,
9 receivership, trust, or any legal entity through which business is conducted, whether
10 or not for profit;
- 11 (2) "Commission" means the Executive Branch Ethics Commission;
- 12 (3) "Compensation" means any money, thing of value, or economic benefit conferred
13 on, or received by, any person in return for services rendered, or to be rendered, by
14 himself or another;
- 15 (4) "Family" means spouse and children, as well as a person who is related to a public
16 servant as any of the following, whether by blood or adoption: parent, brother,
17 sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-
18 in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter,
19 stepbrother, stepsister, half brother, half sister;
- 20 (5) "Gift" means a payment, loan, subscription, advance, deposit of money, services, or
21 anything of value, unless consideration of equal or greater value is received; "gift"
22 does not include gifts from family members, campaign contributions, the waiver of
23 a registration fee for a presenter at a conference or training described in KRS
24 45A.097(5), or door prizes available to the public;
- 25 (6) "Income" means any money or thing of value received or to be received as a claim
26 on future services, whether in the form of a fee, salary, expense allowance,
27 forbearance, forgiveness, interest, dividend, royalty, rent, capital gain, or any other

1 form of compensation or any combination thereof;

2 (7) "Officer" means:

3 (a) All major management personnel in the executive branch of state government,
4 including the secretary of the cabinet, the Governor's chief executive officers,
5 cabinet secretaries, deputy cabinet secretaries, general counsels,
6 commissioners, deputy commissioners, executive directors, executive
7 assistants, policy advisors, special assistants, administrative coordinators,
8 executive advisors, staff assistants, and division directors;

9 (b) Members and full-time chief administrative officers of:

- 10 1. The Parole Board;
- 11 2. Kentucky Claims Commission;
- 12 3. Kentucky Retirement Systems board of trustees;
- 13 4. Kentucky Teachers' Retirement System board of trustees;
- 14 5. The Kentucky Public Employees Deferred Compensation Authority
- 15 board of trustees;
- 16 6. Public Service Commission;
- 17 7. Worker's Compensation Board and its administrative law judges;
- 18 8. The Kentucky Occupational Safety and Health Review Commission;
- 19 9. The Kentucky Board of Education;~~[-and]~~
- 20 10. The Council on Postsecondary Education;and

21 **11. The Kentucky Horse Racing Commission and its employees;**

22 (c) Salaried members of executive branch boards and commissions; and

23 (d) Any person who, through a personal service contract or any other contractual
24 employment arrangement with an agency, performs on a full-time,
25 nonseasonal basis a function of any major management position listed in this
26 subsection;

27 (8) "Official duty" means any responsibility imposed on a public servant by virtue of

- 1 his or her position in the state service;
- 2 (9) "Public servant" means:
- 3 (a) The Governor;
- 4 (b) The Lieutenant Governor;
- 5 (c) The Secretary of State;
- 6 (d) The Attorney General;
- 7 (e) The Treasurer;
- 8 (f) The Commissioner of Agriculture;
- 9 (g) The Auditor of Public Accounts;
- 10 (h) All employees in the executive branch including officers as defined in
- 11 subsection (7) of this section and merit employees; and
- 12 (i) Any person who, through any contractual arrangement with an agency, is
- 13 employed to perform a function of a position within an executive branch
- 14 agency on a full-time, nonseasonal basis;
- 15 (10) "Agency" means every state office, cabinet, department, board, commission, public
- 16 corporation, or authority in the executive branch of state government. A public
- 17 servant is employed by the agency by which his or her appointing authority is
- 18 employed, unless his or her agency is attached to the appointing authority's agency
- 19 for administrative purposes only, or unless the agency's characteristics are of a
- 20 separate independent nature distinct from the appointing authority and it is
- 21 considered an agency on its own, such as an independent department;
- 22 (11) "Lobbyist" means any person employed as a legislative agent as defined in KRS
- 23 6.611(23) or any person employed as an executive agency lobbyist as defined in
- 24 KRS 11A.201(9);
- 25 (12) "Lobbyist's principal" means the entity in whose behalf the lobbyist promotes,
- 26 opposes, or acts;
- 27 (13) "Candidate" means those persons who have officially filed candidacy papers or who

1 have been nominated by their political party pursuant to KRS 118.105, 118.115,
2 118.325, or 118.760 for any of the offices enumerated in subsections (9)(a) to (g) of
3 this section;

4 (14) "Does business with" or "doing business with" means contracting, entering into an
5 agreement, leasing, or otherwise exchanging services or goods with a state agency
6 in return for payment by the state, including accepting a grant, but not including
7 accepting a state entitlement fund disbursement;

8 (15) "Public agency" means any governmental entity;

9 (16) "Appointing authority" means the agency head or any person whom he or she has
10 authorized by law to act on behalf of the agency with respect to employee
11 appointments;

12 (17) "Represent" means to attend an agency proceeding, write a letter, or communicate
13 with an employee of an agency on behalf of someone else;

14 (18) "Directly involved" means to work on personally or to supervise someone who
15 works on personally;

16 (19) "Sporting event" means any professional or amateur sport, athletic game, contest,
17 event, or race involving machines, persons, or animals, for which admission tickets
18 are offered for sale and that is viewed by the public;

19 (20) "Person" means an individual, proprietorship, firm, partnership, limited partnership,
20 joint venture, joint stock company, syndicate, business or statutory trust, donative
21 trust, estate, company, corporation, limited liability company, association, club,
22 committee, organization, or group of persons acting in concert; and

23 (21) "Salaried" means receiving a fixed compensation or benefit reserved for full-time
24 employees, which is paid on a regular basis without regard to the actual number of
25 hours worked.

26 ➔Section 2. KRS 11A.010 (Effective April 1, 2021) is amended to read as
27 follows:

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

- 2 (1) "Business" means any corporation, limited liability company, partnership, limited
3 partnership, sole proprietorship, firm, enterprise, franchise, association,
4 organization, self-employed individual, holding company, joint stock company,
5 receivership, trust, or any legal entity through which business is conducted, whether
6 or not for profit;
- 7 (2) "Commission" means the Executive Branch Ethics Commission;
- 8 (3) "Compensation" means any money, thing of value, or economic benefit conferred
9 on, or received by, any person in return for services rendered, or to be rendered, by
10 himself or herself or another;
- 11 (4) "Family" means spouse and children, as well as a person who is related to a public
12 servant as any of the following, whether by blood or adoption: parent, brother,
13 sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-
14 in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter,
15 stepbrother, stepsister, half brother, half sister;
- 16 (5) "Gift" means a payment, loan, subscription, advance, deposit of money, services, or
17 anything of value, unless consideration of equal or greater value is received; "gift"
18 does not include gifts from family members, campaign contributions, the waiver of
19 a registration fee for a presenter at a conference or training described in KRS
20 45A.097(5), or door prizes available to the public;
- 21 (6) "Income" means any money or thing of value received or to be received as a claim
22 on future services, whether in the form of a fee, salary, expense allowance,
23 forbearance, forgiveness, interest, dividend, royalty, rent, capital gain, or any other
24 form of compensation or any combination thereof;
- 25 (7) "Officer" means:
- 26 (a) All major management personnel in the executive branch of state government,
27 including the secretary of the cabinet, the Governor's chief executive officers,

1 cabinet secretaries, deputy cabinet secretaries, general counsels,
2 commissioners, deputy commissioners, executive directors, executive
3 assistants, policy advisors, special assistants, administrative coordinators,
4 executive advisors, staff assistants, and division directors;

5 (b) Members and full-time chief administrative officers of:

- 6 1. The Parole Board;
- 7 2. Kentucky Claims Commission;
- 8 3. Kentucky Retirement Systems board of trustees;
- 9 4. Kentucky Teachers' Retirement System board of trustees;
- 10 5. The Kentucky Public Employees Deferred Compensation Authority
11 board of trustees;
- 12 6. Public Service Commission;
- 13 7. Worker's Compensation Board and its administrative law judges;
- 14 8. The Kentucky Occupational Safety and Health Review Commission;
- 15 9. The Kentucky Board of Education;
- 16 10. The Council on Postsecondary Education;
- 17 11. County Employees Retirement System board of trustees;~~[-and]~~
- 18 12. Kentucky Public Pensions Authority;and
- 19 **13. The Kentucky Horse Racing Commission and its employees;**

20 (c) Salaried members of executive branch boards and commissions; and

21 (d) Any person who, through a personal service contract or any other contractual
22 employment arrangement with an agency, performs on a full-time,
23 nonseasonal basis a function of any major management position listed in this
24 subsection;

25 (8) "Official duty" means any responsibility imposed on a public servant by virtue of
26 his or her position in the state service;

27 (9) "Public servant" means:

- 1 (a) The Governor;
- 2 (b) The Lieutenant Governor;
- 3 (c) The Secretary of State;
- 4 (d) The Attorney General;
- 5 (e) The Treasurer;
- 6 (f) The Commissioner of Agriculture;
- 7 (g) The Auditor of Public Accounts;
- 8 (h) All employees in the executive branch including officers as defined in
- 9 subsection (7) of this section and merit employees; and
- 10 (i) Any person who, through any contractual arrangement with an agency, is
- 11 employed to perform a function of a position within an executive branch
- 12 agency on a full-time, nonseasonal basis;
- 13 (10) "Agency" means every state office, cabinet, department, board, commission, public
- 14 corporation, or authority in the executive branch of state government. A public
- 15 servant is employed by the agency by which his or her appointing authority is
- 16 employed, unless his or her agency is attached to the appointing authority's agency
- 17 for administrative purposes only, or unless the agency's characteristics are of a
- 18 separate independent nature distinct from the appointing authority and it is
- 19 considered an agency on its own, such as an independent department;
- 20 (11) "Lobbyist" means any person employed as a legislative agent as defined in KRS
- 21 6.611(23) or any person employed as an executive agency lobbyist as defined in
- 22 KRS 11A.201(9);
- 23 (12) "Lobbyist's principal" means the entity in whose behalf the lobbyist promotes,
- 24 opposes, or acts;
- 25 (13) "Candidate" means those persons who have officially filed candidacy papers or who
- 26 have been nominated by their political party pursuant to KRS 118.105, 118.115,
- 27 118.325, or 118.760 for any of the offices enumerated in subsections (9)(a) to (g) of

1 this section;

2 (14) "Does business with" or "doing business with" means contracting, entering into an
3 agreement, leasing, or otherwise exchanging services or goods with a state agency
4 in return for payment by the state, including accepting a grant, but not including
5 accepting a state entitlement fund disbursement;

6 (15) "Public agency" means any governmental entity;

7 (16) "Appointing authority" means the agency head or any person whom he or she has
8 authorized by law to act on behalf of the agency with respect to employee
9 appointments;

10 (17) "Represent" means to attend an agency proceeding, write a letter, or communicate
11 with an employee of an agency on behalf of someone else;

12 (18) "Directly involved" means to work on personally or to supervise someone who
13 works on personally;

14 (19) "Sporting event" means any professional or amateur sport, athletic game, contest,
15 event, or race involving machines, persons, or animals, for which admission tickets
16 are offered for sale and that is viewed by the public;

17 (20) "Person" means an individual, proprietorship, firm, partnership, limited partnership,
18 joint venture, joint stock company, syndicate, business or statutory trust, donative
19 trust, estate, company, corporation, limited liability company, association, club,
20 committee, organization, or group of persons acting in concert; and

21 (21) "Salaried" means receiving a fixed compensation or benefit reserved for full-time
22 employees, which is paid on a regular basis without regard to the actual number of
23 hours worked.

24 ➔Section 3. KRS 230.210 is amended to read as follows:

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

26 (1) "Advance deposit account wagering" means a form of pari-mutuel wagering in
27 which an individual may establish an account with a person or entity licensed by the

- 1 racing commission, and may place a pari-mutuel wager through that account that is
2 permitted by law;
- 3 (2) "Advance deposit account wagering licensee" means a person or entity licensed by
4 the racing commission to conduct advance deposit account wagering and accept
5 deposits and wagers, issue a receipt or other confirmation to the account holder
6 evidencing such deposits and wagers, and transfer credits and debits to and from
7 accounts;
- 8 (3) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in which
9 each horse participating in the race is registered with the Appaloosa Horse Club of
10 Moscow, Idaho, and is mounted by a jockey;
- 11 (4) "Arabian" means a horse that is registered with the Arabian Horse Registry of
12 Denver, Colorado;
- 13 (5) "Association" means any person licensed by the Kentucky Horse Racing
14 Commission under KRS 230.300 and engaged in the conduct of a recognized horse
15 race meeting;
- 16 (6) "Harness race" or "harness racing" means trotting and pacing races of the
17 standardbred horses;
- 18 (7) "Horse race meeting" means horse racing run at an association licensed and
19 regulated by the Kentucky Horse Racing Commission, and may include
20 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;
- 21 (8) "Host track" means the track conducting racing and offering its racing for intertrack
22 wagering, or, in the case of interstate wagering, means the Kentucky track
23 conducting racing and offering simulcasts of races conducted in other states or
24 foreign countries;
- 25 (9) "Intertrack wagering" means pari-mutuel wagering on simulcast horse races from a
26 host track by patrons at a receiving track;
- 27 (10) "Interstate wagering" means pari-mutuel wagering on simulcast horse races from a

1 track located in another state or foreign country by patrons at a receiving track or
2 simulcast facility;

3 (11) "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund" means a
4 purse fund established to receive funds as specified in KRS 230.3771 for purse
5 programs established in KRS 230.446 to supplement purses for quarter horse, paint
6 horse, Appaloosa, and Arabian horse races. The purse program shall be
7 administered by the Kentucky Horse Racing Commission;

8 (12) "Kentucky resident" means:

9 (a) An individual domiciled within this state;

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

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

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

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

20 **(15) [(14)] "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutuel**
21 **wagering" each means any method of wagering previously or hereafter approved**
22 **by the racing commission in which one (1) or more patrons wager on a horse**
23 **race or races, whether live, simulcast, or previously run. Wagers shall be placed**
24 **in one (1) or more wagering pools, and wagers on different races or sets of races**
25 **may be pooled together. Patrons may establish odds or payouts, and winning**
26 **patrons share in amounts wagered including any carryover amounts, plus any**
27 **amounts provided by an association less any deductions required, as approved by**

1 *the racing commission and permitted by law. Pools may be paid out incrementally*
2 *over time as approved by the racing commission;*

3 **(16)** "Principal" means any of the following individuals associated with a partnership,
4 trust, association, limited liability company, or corporation that is licensed to
5 conduct a horse race meeting or an applicant for a license to conduct a horse race
6 meeting:

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

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

10 (c) All trustees and trust beneficiaries of an association;

11 (d) The president or chief executive officer and all other officers, managers, and
12 employees who have policy-making or fiduciary responsibility within the
13 organization;

14 (e) All stockholders or other individuals who own, hold, or control, either directly
15 or indirectly, five percent (5%) or more of stock or financial interest in the
16 collective organization; and

17 (f) Any other employee, agent, guardian, personal representative, or lender or
18 holder of indebtedness who has the power to exercise a significant influence
19 over the applicant's or licensee's operation;

20 **(17)**~~[(15)]~~ "Quarter horse" means a horse that is registered with the American Quarter
21 Horse Association of Amarillo, Texas;

22 **(18)**~~[(16)]~~ "Racing commission" means the Kentucky Horse Racing Commission;

23 **(19)**~~[(17)]~~ "Receiving track" means a track where simulcasts are displayed for wagering
24 purposes. A track that submits an application for intertrack wagering shall meet all
25 the regulatory criteria for granting an association license of the same breed as the
26 host track, and shall have a heated and air-conditioned facility that meets all state
27 and local life safety code requirements and seats a number of patrons at least equal

1 to the average daily attendance for intertrack wagering on the requested breed in the
2 county in which the track is located during the immediately preceding calendar year;

3 ~~(20)~~~~[(18)]~~ "Simulcast facility" means any facility approved pursuant to the provisions of
4 KRS 230.380 to simulcast live racing and conduct pari-mutuel wagering on live
5 racing;

6 ~~(21)~~~~[(19)]~~ "Simulcasting" means the telecast of live audio and visual signals of horse
7 races for the purpose of pari-mutuel wagering;

8 ~~(22)~~~~[(20)]~~ "Telephone account wagering" means a form of pari-mutuel wagering where
9 an 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 ~~(23)~~~~[(24)]~~ "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 ~~(24)~~~~[(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

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

8 ➔Section 4. KRS 230.230 is amended to read as follows:

9 (1) The Governor shall appoint an executive director who shall serve at the pleasure of
10 the Governor. The Governor shall set the qualifications and salary for the position
11 of executive director pursuant to KRS 64.640. The executive director shall possess
12 the powers and perform the duties imposed upon him by the Governor, and other
13 duties as the racing commission may direct or prescribe. The executive director
14 shall:

- 15 (a) Be responsible for the day-to-day operations of the racing commission;
16 (b) Set up appropriate organizational structures and personnel policies for
17 approval by the racing commission;
18 (c) Appoint all staff;
19 (d) Prepare annual reports of the racing commission's program of work;
20 (e) Carry out policy and program directives of the racing commission;
21 (f) Prepare and submit to the racing commission for its approval the proposed
22 biennial budget of the racing commission; and
23 (g) Perform all other duties and responsibilities assigned by law.

24 The executive director shall cause to be kept a full record of all proceedings before
25 the racing commission and shall preserve at its general office all books, maps,
26 records, documents, licenses, and other papers of the racing commission. All
27 records of the racing commission shall be open to inspection by the public during

1 regular office hours. With approval of the racing commission, the executive director
2 may enter into agreements with any state agency or political subdivision of the state,
3 any postsecondary education institution, or any other person or entity to enlist
4 assistance to implement the duties and responsibilities of the racing commission.

5 (2) The executive director of the racing commission may employ, dismiss, or take other
6 personnel action concerning an assistant executive director, stenographers, clerks,
7 and other personnel as he or she may deem necessary to efficiently operate the
8 racing commission's general office or any branch thereof. The executive director of
9 the racing commission shall fix the compensation of all employees. Any member of
10 the racing commission or any employee referred to in this section shall be
11 reimbursed for expenses paid or incurred in the discharge of official business when
12 approved by the executive director of the racing commission. The compensation of
13 the employees referred to in this section, except for the executive director, together
14 with reimbursement of expenses incurred by employees, a member of the racing
15 commission, or the executive director, shall be paid from racing commission funds.

16 **(3) Members of the Kentucky Horse Racing Commission and its employees shall be**
17 **subject to the provisions of Sections 1 and 2 of this Act.**

18 ➔Section 5. KRS 230.361 is amended to read as follows:

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

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

26 **(c)** The pari-mutuel system of wagering shall be operated only by a totalizator or
27 other mechanical equipment approved by the racing commission. The racing

1 commission shall not require any particular make of equipment.

2 (2) The operation of a pari-mutuel system for betting where authorized by law shall not
3 constitute grounds for the revocation or suspension of any license issued and held
4 under KRS 242.1238 and 243.265.

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

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

18 ➔Section 6. KRS 138.510 is amended to read as follows:

19 (1) (a) Except as provided in paragraph (d) of this subsection and subsection (3) of
20 this section, an excise tax is imposed on all tracks conducting pari-mutuel
21 wagering on live racing under the jurisdiction of the commission as follows:

22 1. For each track with a daily average live handle of one million two
23 hundred thousand dollars (\$1,200,000) or above, the tax shall be in the
24 amount of three and one-half percent (3.5%) of all money wagered on
25 live races at the track during the fiscal year; and

26 2. For each track with a daily average live handle under one million two
27 hundred thousand dollars (\$1,200,000), the tax shall be one and one-half

1 percent (1.5%) of all money wagered on live races at the track during the
2 fiscal year.

3 (b) 1. Beginning on April 1, 2014, an excise tax is imposed on all tracks
4 conducting pari-mutuel wagering on historical horse races under the
5 jurisdiction of the commission at a rate of one and one-half percent
6 (1.5%) of all money wagered on historical horse races at the track during
7 the fiscal year.

8 2. Beginning on July 1, 2021, in addition to the excise tax imposed by
9 subparagraph 1. of this paragraph, an excise tax is imposed on all
10 tracks conducting wagering on historical horse races under the
11 jurisdiction of the commission at a rate of twenty-seven percent (27%)
12 of gross commissions received from wagering on historical horse
13 races at the track during the fiscal year. All amounts received under
14 this subparagraph shall be deposited in the general fund and the
15 deductions established by paragraph (c) of this subsection shall not
16 apply.

17 (c) Money shall be deducted from the tax paid under paragraphs (a) and (b)1. of
18 this subsection and deposited as follows:

19 1. An amount equal to three-quarters of one percent (0.75%) of all money
20 wagered on live races and historical horse races at the track for
21 Thoroughbred racing shall be deposited in the Thoroughbred
22 development fund established in KRS 230.400;

23 2. An amount equal to one percent (1%) of all money wagered on live
24 races and historical horse races at the track for harness racing shall be
25 deposited in the Kentucky standardbred development fund established in
26 KRS 230.770;

27 3. An amount equal to one percent (1%) of all money wagered on live

1 races and historical horse races at the track for quarter horse, paint horse,
2 Appaloosa, and Arabian horse racing shall be deposited in the Kentucky
3 quarter horse, paint horse, Appaloosa, and Arabian development fund
4 established by KRS 230.445;

- 5 4. An amount equal to two-tenths of one percent (0.2%) of all money
6 wagered on live races and historical horse races at the track shall be
7 deposited in the equine industry program trust and revolving fund
8 established by KRS 230.550 to support the Equine Industry Program at
9 the University of Louisville, except that the amount deposited from
10 money wagered on historical horse races in any fiscal year shall not
11 exceed six hundred fifty thousand dollars (\$650,000);

- 12 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
13 wagered on live races and historical horse races at the track shall
14 be deposited in a trust and revolving fund to be used for the
15 construction, expansion, or renovation of facilities or the purchase
16 of equipment for equine programs at state universities, except that
17 the amount deposited from money wagered on historical horse
18 races in any fiscal year shall not exceed three hundred twenty
19 thousand dollars (\$320,000).

- 20 b. These funds shall not be used for salaries or for operating funds for
21 teaching, research, or administration. Funds allocated under this
22 subparagraph shall not replace other funds for capital purposes or
23 operation of equine programs at state universities.

- 24 c. The Kentucky Council on Postsecondary Education shall serve as
25 the administrative agent and shall establish an advisory committee
26 of interested parties, including all universities with established
27 equine programs, to evaluate proposals and make

1 recommendations for the awarding of funds.

2 d. The Kentucky Council on Postsecondary Education may
3 promulgate administrative regulations to establish procedures for
4 administering the program and criteria for evaluating and awarding
5 grants; and

6 6. An amount equal to one-tenth of one percent (0.1%) of all money
7 wagered on live races and historical horse races shall be distributed to
8 the commission to support equine drug testing as provided in KRS
9 230.265(3), except that the amount deposited from money wagered on
10 historical horse races in any fiscal year shall not exceed three hundred
11 twenty thousand dollars (\$320,000).

12 (d) The excise tax imposed by paragraph (a) of this subsection shall not apply to
13 pari-mutuel wagering on live harness racing at a county fair.

14 ~~[(e) The excise tax imposed by paragraph (a) of this subsection, and the~~
15 ~~distributions provided for in paragraph (c) of this subsection, shall apply to~~
16 ~~money wagered on historical horse races beginning September 1, 2011,~~
17 ~~through March 31, 2014, and historical horse races shall be considered live~~
18 ~~racing for purposes of determining the daily average live handle. Beginning~~
19 ~~April 1, 2014, the tax imposed by paragraph (b) of this subsection shall apply~~
20 ~~to money wagered on historical horse races.]~~

21 (2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is
22 imposed on:

- 23 1. All tracks conducting telephone account wagering;
24 2. All tracks participating as receiving tracks in intertrack wagering under
25 the jurisdiction of the commission; and
26 3. All tracks participating as receiving tracks displaying simulcasts and
27 conducting interstate wagering thereon.

- 1 (b) The tax shall be three percent (3%) of all money wagered on races as provided
2 in paragraph (a) of this subsection during the fiscal year.
- 3 (c) A noncontiguous track facility approved by the commission on or after
4 January 1, 1999, shall be exempt from the tax imposed under this subsection,
5 if the facility is established and operated by a licensed track which has a total
6 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
7 or less. The amount of money exempted under this paragraph shall be retained
8 by the noncontiguous track facility, KRS 230.3771 and 230.378
9 notwithstanding.
- 10 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
11 this subsection as follows:
- 12 1. An amount equal to two percent (2%) of the amount wagered shall be
13 deposited as follows:
- 14 a. In the Thoroughbred development fund established in KRS
15 230.400 if the host track is conducting a Thoroughbred race
16 meeting or the interstate wagering is conducted on a Thoroughbred
17 race meeting;
- 18 b. In the Kentucky standardbred development fund established in
19 KRS 230.770, if the host track is conducting a harness race
20 meeting or the interstate wagering is conducted on a harness race
21 meeting; or
- 22 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
23 Arabian development fund established by KRS 230.445, if the host
24 track is conducting a quarter horse, paint horse, Appaloosa, or
25 Arabian horse race meeting or the interstate wagering is conducted
26 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
27 meeting;

- 1 2. An amount equal to one-twentieth of one percent (0.05%) of the amount
2 wagered shall be allocated to the equine industry program trust and
3 revolving fund established by KRS 230.550 to be used to support the
4 Equine Industry Program at the University of Louisville;
- 5 3. An amount equal to one-tenth of one percent (0.1%) of the amount
6 wagered shall be deposited in a trust and revolving fund to be used for
7 the construction, expansion, or renovation of facilities or the purchase of
8 equipment for equine programs at state universities, as detailed in
9 subsection (1)(c)5. of this section; and
- 10 4. An amount equal to one-tenth of one percent (0.1%) of the amount
11 wagered shall be distributed to the commission to support equine drug
12 testing as provided in KRS 230.265(3).
- 13 (3) If a host track in this state is the location for the conduct of a two (2) day
14 international horse racing event that distributes in excess of a total of twenty million
15 dollars (\$20,000,000) in purses and awards:
- 16 (a) The excise tax imposed by subsection (1)(a) of this section shall not apply to
17 money wagered at the track on live races conducted at the track during the two
18 (2) day international horse racing event; and
- 19 (b) Amounts wagered at the track on live races conducted at the track during the
20 two (2) day international horse racing event shall not be included in
21 calculating the daily average live handle for purposes of subsection (1) of this
22 section.
- 23 (4) The taxes imposed by this section shall be paid, collected, and administered as
24 provided in KRS 138.530.
- 25 ➔Section 7. KRS 138.511 is amended to read as follows:
- 26 As used in KRS 138.510 to 138.550:
- 27 (1) "Advanced deposit account wagering" has the same meaning as in KRS 230.210;

- 1 (2) "Advanced deposit account wagering license" has the same meaning as in KRS
2 230.210;
- 3 (3) "Association" has the same meaning as in KRS 230.210;
- 4 (4) "Commission" means the Kentucky Horse Racing Commission;
- 5 (5) "Daily average live handle" means:
- 6 (a) The handle from wagers made at a track on live racing during the fiscal year,
7 excluding amounts wagered:
- 8 1. At a receiving track;
- 9 2. At a simulcast facility;
- 10 3. On telephone account wagering;
- 11 4. Through advance deposit account wagering;
- 12 5. At a track participating as a receiving track or simulcast facility
13 displaying simulcasts and conducting interstate wagering as permitted by
14 KRS 230.3771 and 230.3773; and
- 15 6. Beginning April 1, 2014, on historical horse races;
16 divided by:
- 17 (b) The total number of days that live racing was conducted at the track during the
18 fiscal year;
- 19 (6) "Department" means the Department of Revenue;
- 20 (7) "Fiscal year" means a time frame beginning 12:01 a.m. July 1, and ending 12
21 midnight June 30;
- 22 (8) **"Gross commission" means the handle less the amount returned to the public,**
23 **and shall include amounts allocated to breakage, settlement, change in pools, or**
24 **any other allocation of funds from the handle besides return to the public;**
- 25 **(9)** "Handle" means total wagers made on a race;
- 26 **(10)**~~[(9)]~~ (a) "Historical horse race" means any horse race that:
- 27 1. Was previously run at a licensed pari-mutuel facility in the United

1 States;

2 2. Concluded with official results; and

3 3. Concluded without scratches, disqualifications, or dead-heat finishes.

4 (b) As used in this subsection, the terms "pari-mutuel," "scratch,"
5 "disqualification," and "dead heat" have the same meaning as established by
6 the commission pursuant to an administrative regulation promulgated under
7 KRS Chapter 13A;

8 ~~(11)~~~~((10))~~ "Host track" has the same meaning as in KRS 230.210;

9 ~~(12)~~~~((11))~~ "Interstate wagering" has the same meaning as in KRS 230.210;

10 ~~(13)~~~~((12))~~ "Intertrack wagering" has the same meaning as in KRS 230.210;

11 ~~(14)~~~~((13))~~ "Kentucky resident" means:

12 (a) An individual domiciled within this state;

13 (b) An individual who maintains a place of abode in this state and spends, in the
14 aggregate, more than one hundred eighty-three (183) days of the taxable year
15 in this state; or

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

19 ~~(15)~~~~((14))~~ "Receiving track" has the same meaning as in KRS 230.210;

20 ~~(16)~~~~((15))~~ "Simulcast facility" has the same meaning as in KRS 230.210;

21 ~~(17)~~~~((16))~~ "Takeout" means that portion of the handle which is distributed to persons
22 other than those making wagers;

23 ~~(18)~~~~((17))~~ "Telephone account wagering" has the same meaning as in KRS 230.210; and

24 ~~(19)~~~~((18))~~ "Track" has the same meaning as in KRS 230.210.

25 ➔Section 8. KRS 138.530 is amended to read as follows:

26 (1) The department shall enforce the provisions of and collect the tax and penalties
27 imposed and other payments required by KRS 138.510 to 138.550, and in doing so

1 it shall have the general powers and duties granted it in KRS Chapters 131 and 135,
2 including the power to enforce, by an action in the Franklin Circuit Court, the
3 collection of the tax, penalties and other payments imposed or required by KRS
4 138.510 to 138.550.

5 (2) (a) The remittance of the taxes imposed by KRS 138.510 shall be made weekly to
6 the department no later than the fifth business day, excluding Saturday and
7 Sunday, following the close of each week of racing, during each race meeting,
8 and following the close of each week when historical horse races are
9 conducted, and shall be accompanied by reports as prescribed by the
10 department.

11 (b) Except as otherwise provided in KRS 138.510 to 138.550, all funds received
12 by the department from the taxes imposed by KRS 138.510 shall be paid into
13 the State Treasury and shall be credited to the general fund.

14 (c) The supervisor of pari-mutuel betting appointed by the commission shall
15 weekly, during each race meeting, and during each week when historical horse
16 races are conducted, report to the department the total amount bet or handled
17 the preceding week, the amount of gross commissions received from
18 wagering on historical horse races, and the amount of tax due the state
19 thereon, under the provisions of KRS 138.510 to 138.550.

20 (d) The supervisor of pari-mutuel betting appointed by the commission or his or
21 her duly authorized representatives shall, at all reasonable times, have access
22 to all books, records, issuing or vending machines, adding machines, and all
23 other pari-mutuel equipment for the purpose of examining and checking the
24 same and ascertaining whether or not the proper amount or amounts due the
25 state are being or have been paid.

26 (e) Every person, corporation, or association required to pay the tax imposed by
27 KRS 138.510 shall keep its books and records so as to clearly show by a

1 separate record the total amount of money contributed to every pari-mutuel
2 pool.

3 (3) (a) The remittance of the tax imposed by KRS 138.513 shall be made weekly to
4 the department no later than the first business day of the week next succeeding
5 the week during which the wagers forming the base of the tax were received.

6 (b) Along with the remittance of the tax, each advance deposit account wagering
7 licensee shall file a return that includes the information required by the
8 department.

9 (c) Every advance deposit account wagering licensee shall keep its books and
10 records in such a manner that:

11 1. Kentucky residents having accounts with the advance deposit account
12 wagering licensee can be individually identified and their identity and
13 residence verified; and

14 2. The amount wagered through each account held by a Kentucky resident
15 and the date of each wager can be determined and verified.

16 (d) All books and records of the advance deposit account wagering licensee
17 required by paragraph (c) of this subsection and any books and records that the
18 department requires a licensee to maintain through promulgation of an
19 administrative regulation shall be open to inspection by the department and
20 the commission.

21 (e) All revenue received by the department from the tax imposed by KRS 138.513
22 shall be distributed as follows:

23 1. Fifteen percent (15%) shall be distributed to the Commonwealth and
24 credited to the general fund; and

25 2. a. Eighty-five percent (85%) of revenue received from a wager
26 placed on a race conducted at a track in Kentucky shall be
27 distributed to the association that conducted the race;

- 1 b. Eighty-five percent (85%) of revenue received from a wager
2 placed on a race conducted at a track outside Kentucky shall be
3 distributed to the Kentucky track that is recognized as the host
4 track by the commission at the time the wager is placed. However,
5 if a wager subject to the tax imposed by KRS 138.513 is placed on
6 a race conducted at a track outside Kentucky, and the individual
7 placing the wager has registered an address with the advance
8 deposit account wagering licensee that is within twenty-five (25)
9 miles of a Kentucky track, the association licensed by the
10 commission to operate that track shall receive the tax revenue
11 derived from that wager; and
- 12 c. An association receiving distributions under subdivisions a. and b.
13 of this subparagraph shall allocate one-half (1/2) of the amount
14 distributed to its purse account.

15 ➔Section 9. Whereas the horse racing industry is crucial to the overall economy
16 of the Commonwealth, and whereas the definition of pari-mutuel wagering is key to the
17 successful operation of horse racing tracks for the upcoming racing season, an emergency
18 is declared to exist, and this Act takes effect upon its passage and approval by the
19 Governor or upon its otherwise becoming a law.