

1 AN ACT relating to the Kentucky Horse Racing Commission and declaring an
2 emergency.

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

4 ➔SECTION 1. KRS 230.210 IS REPEALED AND REENACTED TO READ
5 AS FOLLOWS:

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

7 *(1) "Advance deposit account wagering" means a form of pari-mutuel wagering in*
8 *which an individual may establish an account with a person or entity licensed by*
9 *the corporation, and may place a pari-mutuel wager through that account that is*
10 *permitted by law;*

11 *(2) "Advance deposit account wagering licensee" means a person or entity licensed*
12 *by the corporation to conduct advance deposit account wagering and accept*
13 *deposits and wagers, issue a receipt or other confirmation to the account holder*
14 *evidencing such deposits and wagers, and transfer credits and debits to and from*
15 *accounts;*

16 *(3) "Amateur youth sporting event" means any sporting event in which an*
17 *individual;*

18 *(a) Shall be less than eighteen (18) years of age to participate; and*

19 *(b) Is prohibited, as a condition of participating in the sporting event, from*
20 *receiving direct or indirect compensation for the use of the individual's*
21 *athletic skill in any manner with respect to the sport in which the particular*
22 *sporting event is conducted;*

23 *(4) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in*
24 *which each horse participating in the race is registered with the Appaloosa Horse*
25 *Club of Moscow, Idaho, and is mounted by a jockey;*

26 *(5) "Arabian" means a horse that is registered with the Arabian Horse Registry of*
27 *Denver, Colorado;*

- 1 (6) "Association" means any person licensed by the Kentucky Horse Racing and
2 Gaming Corporation under Section 56 of this Act and engaged in the conduct of
3 a recognized horse race meeting;
- 4 (7) "Charitable gaming" means gaming licensed by the corporation on and after
5 July 1, 2025, as authorized under this chapter and KRS Chapter 238;
- 6 (8) "Corporation" means the Kentucky Horse Racing and Gaming Corporation;
- 7 (9) "Geofence" means a virtual geographic boundary defined by Global Positioning
8 System (GPS) or Radio Frequency Identification (RFID) technology;
- 9 (10) "Harness race" or "harness racing" means trotting and pacing races of the
10 standardbred horses;
- 11 (11) "Horse race meeting" means horse racing run at an association licensed and
12 regulated by the Kentucky Horse Racing and Gaming Corporation, and may
13 include Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse
14 racing;
- 15 (12) "Host track" means the track conducting racing and offering its racing for
16 intertrack wagering, or, in the case of interstate wagering, means the Kentucky
17 track conducting racing and offering simulcasts of races conducted in other
18 states or foreign countries;
- 19 (13) "Intertrack wagering" means pari-mutuel wagering on simulcast horse races
20 from a host track by patrons at a receiving track;
- 21 (14) "Interstate wagering" means pari-mutuel wagering on simulcast horse races
22 from a track located in another state or foreign country by patrons at a receiving
23 track or simulcast facility;
- 24 (15) "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund"
25 means a purse fund established to receive funds as specified in Section 77 of this
26 Act for purse programs established in Section 85 of this Act to supplement purses
27 for quarter horse, paint horse, Appaloosa, and Arabian horse races. The purse

1 program shall be administered by the Kentucky Horse Racing and Gaming
2 Corporation;

3 (16) "Kentucky resident" means:

4 (a) An individual domiciled within this state;

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

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

11 (17) "Licensed facility for sports wagering" means the designated areas to conduct
12 sports wagering for a track licensed to conduct sports wagering pursuant to
13 Section 98 of this Act;

14 (18) "Licensed premises" means a track or simulcast facility licensed by the
15 corporation under this chapter;

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

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

1 (21) "Person" means an individual, sole proprietorship, partnership, association,
2 fiduciary, corporation, limited liability company, or any other business entity;

3 (22) "President" means the president of the Kentucky Horse Racing and Gaming
4 Corporation, who shall serve as chief executive officer of the corporation;

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

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

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

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

13 (d) The president or chief executive officer and all other officers, managers,
14 and employees who have policymaking or fiduciary responsibility within the
15 organization;

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

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

22 (24) "Quarter horse" means a horse that is registered with the American Quarter
23 Horse Association of Amarillo, Texas;

24 (25) "Receiving track" means a track where simulcasts are displayed for wagering
25 purposes. A track that submits an application for intertrack wagering shall meet
26 all the regulatory criteria for granting an association license of the same breed as
27 the host track, and shall have a heated and air-conditioned facility that meets all

1 state and local life safety code requirements and seats a number of patrons at
2 least equal to the average daily attendance for intertrack wagering on the
3 requested breed in the county in which the track is located during the
4 immediately preceding calendar year;

5 (26) "Simulcast facility" means any facility approved pursuant to Section 81 of this
6 Act to simulcast live racing and conduct pari-mutuel wagering on live racing;

7 (27) "Simulcasting" means the telecast of live audio and visual signals of horse races
8 for the purpose of pari-mutuel wagering;

9 (28) "Sporting event" means an event at which two (2) or more persons participate in
10 athletic contests, or an event that takes place in relation to athletic contests as
11 approved by the corporation, but shall not include horse racing or amateur youth
12 sports or athletic events in which the majority of participants are under the age of
13 eighteen (18) years;

14 (29) "Sports governing body" means the organization, league, or association that
15 oversees a sport, prescribes final rules, and enforces codes of conduct with
16 respect to such sport and participants therein;

17 (30) "Sports wagering" means the wagering conducted under this chapter on sporting
18 events or portions of sporting events, or on the individual performance statistics
19 of athletes in a sporting event or combination of sporting events, in conformance
20 with federal law and as authorized by the corporation pursuant to this chapter;

21 (31) "Sports wagering device":

22 (a) Means a mechanical, electrical, or computerized contrivance, terminal,
23 device, apparatus, software, piece of equipment, or supply approved by the
24 corporation for conducting sports wagering under this chapter; and

25 (b) Includes a personal computer, mobile device, or other device used in
26 connection with sports wagering not conducted at a licensed facility for
27 sports wagering;

1 (32) "Sports wagering service provider" or "service provider" means a person
2 authorized to conduct or manage sports wagering through an agreement with a
3 track and provide these services at a licensed facility for sports wagering,
4 simulcast facility, or through a website or mobile interface approved by the
5 corporation;

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

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

14 (35) "Track" means any association duly licensed by the Kentucky Horse Racing and
15 Gaming Corporation to conduct horse racing and includes:

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

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

23 (c) One (1) facility or real property that is:

24 1. Owned, leased, or purchased by an association within a sixty (60) mile
25 radius of the association's racetrack but not contiguous to racetrack
26 premises, upon corporation approval; and

27 2. Not within a sixty (60) mile radius of another licensed track premise

1 where live racing is conducted and not within a forty (40) mile radius
2 of a simulcast facility, unless any affected track or simulcast facility
3 agrees in writing to permit a noncontiguous facility within the
4 protected geographic area.

5 ➔Section 2. KRS 230.215 is amended to read as follows:

- 6 (1) (a) It is the policy of the Commonwealth of Kentucky, in furtherance of its
7 responsibility to foster and to encourage legitimate occupations and industries
8 in the Commonwealth and to promote and to conserve the public health,
9 safety, and welfare, and it is hereby declared the intent of the Commonwealth
10 to foster and to encourage the horse breeding industry within the
11 Commonwealth and to encourage the improvement of the breeds of horses.
- 12 (b) Further, it is the policy and intent of the Commonwealth to foster and to
13 encourage the business of legitimate horse racing with pari-mutuel wagering
14 thereon in the Commonwealth on the highest possible plane. Further, it hereby
15 is declared the policy and intent of the Commonwealth that all racing not
16 licensed under this chapter is a public nuisance and may be enjoined as such.
- 17 (c) Further, it is hereby declared the policy and intent of the Commonwealth that
18 the conduct of horse racing, or the participation in any way in horse racing, or
19 the entrance to or presence where horse racing is conducted, is a privilege and
20 not a personal right; and that this privilege may be granted or denied by the
21 corporation~~[racing commission]~~ or its duly approved representatives acting in
22 its behalf.
- 23 (d) Further, it is hereby declared the policy and intent of the Commonwealth that
24 citizens shall be allowed to enjoy wagering on sporting events in a controlled
25 environment that protects the citizens from cheating and fraud, and that such
26 wagering shall be best controlled and overseen by the Kentucky Horse Racing
27 and Gaming Corporation~~[Commission]~~, which has demonstrated a long and

1 successful history of regulating wagering.

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

15 (b) In addition, it is hereby declared the purpose and intent of this chapter to vest
16 in the corporation~~racing commission~~ exclusive jurisdiction over sports
17 wagering in the Commonwealth, with plenary power to promulgate
18 administrative regulations prescribing conditions under which all sports
19 wagering is to be conducted.

20 (c) In addition to the general powers and duties vested in the corporation~~racing~~
21 ~~commission~~ by this chapter, it is the intent hereby to vest in the
22 corporation~~racing commission~~ the power to eject or exclude from
23 association grounds or any part thereof any person, licensed or unlicensed,
24 whose conduct or reputation is such that his or her presence on association
25 grounds may, in the opinion of the corporation~~racing commission~~, reflect on
26 the honesty and integrity of horse racing or interfere with either the orderly
27 conduct of horse racing or the orderly conduct of sports wagering.

1 ➔ Section 3. KRS 230.215 is amended to read as follows:

- 2 (1) (a) It is the policy of the Commonwealth of Kentucky, in furtherance of its
3 responsibility to foster and to encourage legitimate occupations and industries
4 in the Commonwealth and to promote and to conserve the public health,
5 safety, and welfare, and it is hereby declared the intent of the Commonwealth
6 to foster and to encourage the horse breeding industry within the
7 Commonwealth and to encourage the improvement of the breeds of horses.
- 8 (b) Further, it is the policy and intent of the Commonwealth to foster and to
9 encourage the business of legitimate horse racing with pari-mutuel wagering
10 thereon in the Commonwealth on the highest possible plane. Further, it hereby
11 is declared the policy and intent of the Commonwealth that all racing not
12 licensed under this chapter is a public nuisance and may be enjoined as such.
- 13 (c) Further, it is hereby declared the policy and intent of the Commonwealth that
14 the conduct of horse racing, or the participation in any way in horse racing, or
15 the entrance to or presence where horse racing is conducted, is a privilege and
16 not a personal right; and that this privilege may be granted or denied by the
17 corporation~~[racing commission]~~ or its duly approved representatives acting in
18 its behalf.
- 19 (d) Further, it is hereby declared the policy and intent of the Commonwealth that
20 citizens shall be allowed to enjoy wagering on sporting events in a controlled
21 environment that protects the citizens from cheating and fraud, and that such
22 wagering shall be best controlled and overseen by the Kentucky Horse Racing
23 and Gaming Corporation~~[Commission]~~, which has demonstrated a long and
24 successful history of regulating wagering.
- 25 (e) Further, it is hereby declared the policy and intent of the Commonwealth
26 that charitable gaming conducted by charitable organizations is an
27 important method of raising funds for legitimate charitable purposes and is

in the public interest. The intent of this chapter and KRS Chapter 238 is to prevent the commercialization of charitable gaming, to prevent participation in charitable gaming by criminal and other undesirable elements, and to prevent the diversion of funds from legitimate charitable purposes, and that charitable gaming shall be best controlled and overseen by the Kentucky Horse Racing and Gaming Corporation.

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

(b) In addition, it is hereby declared the purpose and intent of this chapter to vest in the corporation~~racing commission~~ exclusive jurisdiction over sports wagering in the Commonwealth, with plenary power to promulgate administrative regulations prescribing conditions under which all sports wagering is to be conducted.

(c) In addition to the general powers and duties vested in the corporation~~racing commission~~ by this chapter, it is the intent hereby to vest in the corporation~~racing commission~~ the power to eject or exclude from

1 association grounds or any part thereof any person, licensed or unlicensed,
2 whose conduct or reputation is such that his or her presence on association
3 grounds may, in the opinion of the corporation~~[racing commission]~~, reflect on
4 the honesty and integrity of horse racing or interfere with either the orderly
5 conduct of horse racing or the orderly conduct of sports wagering.

6 (d) In addition, it is hereby declared the purpose and intent of this chapter to
7 vest in the corporation exclusive jurisdiction over charitable gaming in the
8 Commonwealth, with plenary power to promulgate administrative
9 regulations prescribing conditions under which all charitable gaming is to
10 be conducted.

11 (e) In addition to the general powers and duties vested in the corporation by
12 this chapter, it is the intent hereby to vest in the corporation the power to
13 eject or exclude from charitable gaming facilities or any part thereof any
14 person, licensed or unlicensed, whose conduct or reputation is such that his
15 or her presence at a charitable gaming facility may, in the opinion of the
16 corporation, reflect on the honesty and integrity of charitable gaming or
17 interfere with the orderly conduct of charitable gaming.

18 ➔SECTION 4. KRS 230.225 IS REPEALED AND REENACTED TO READ
19 AS FOLLOWS:

20 (1) There is hereby created and established the Kentucky Horse Racing and Gaming
21 Corporation to regulate all forms of live horse racing, pari-mutuel wagering,
22 sports wagering, breed integrity and development, and on and after July 1, 2025,
23 charitable gaming, in the Commonwealth, exclusive of the state lottery
24 established under KRS Chapter 154A. It shall be an independent, de jure
25 municipal corporation and political subdivision of the Commonwealth of
26 Kentucky which shall be a public body corporate and politic. The corporation
27 shall be deemed a public agency within the meaning of KRS 61.805 and 61.870.

1 The corporation shall be managed in such a manner that enables the people of
2 the Commonwealth to benefit from its actions and to enjoy the best possible
3 racing and gaming experiences. The General Assembly hereby recognizes that
4 the operations of racing and gaming are unique activities for state government
5 and that a corporate structure will best enable racing and gaming to be managed
6 in a businesslike manner. It is the intent of the General Assembly that the
7 Kentucky Horse Racing and Gaming Corporation shall be accountable to the
8 Governor, the General Assembly, and the people of the Commonwealth.

9 (2) (a) The Auditor of Public Accounts shall perform an annual audit of the
10 corporation, a copy of which shall be sent to the Governor and the
11 Legislative Research Commission.

12 (b) The corporation shall submit a written annual report to the Governor and
13 the Legislative Research Commission on or before July 1 of each year. The
14 first report shall be due July 1, 2025. The corporation shall file any
15 additional reports requested by the Governor or the Legislative Research
16 Commission. The annual report shall include the following information:

17 1. The receipts and disbursements of the corporation; and

18 2. Actions taken by the corporation.

19 (c) The corporation may submit any additional information and
20 recommendations that the corporation considers useful or that the
21 Governor or the Legislative Research Commission requests.

22 (3) The Kentucky Horse Racing and Gaming Corporation shall be administered by a
23 board of directors to regulate the conduct of:

24 (a) Live horse racing;

25 (b) Pari-mutuel wagering;

26 (c) Sports wagering;

27 (d) Charitable gaming on and after July 1, 2025;

1 (e) Breed integrity and development; and

2 (f) Related activities within the Commonwealth of Kentucky.

3 (4) (a) The corporation shall establish and maintain a general office for the
4 transaction of its business and may, in its discretion, establish a branch
5 office or offices.

6 (b) The corporation may hold meetings at any of its offices or at any other
7 place at its convenience.

8 (c) A majority of the voting members of the corporation shall constitute a
9 quorum for the transaction of its business or exercise of any of its powers.

10 (5) Except as otherwise provided, the corporation shall be responsible for the
11 following:

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

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

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

19 (d) Designing and implementing programs that strengthen the ties between
20 Kentucky's horse industry and the state's universities, with the goal of
21 significantly increasing the economic impact of the horse industry on
22 Kentucky's economy, improving research for the purpose of promoting the
23 enhanced health and welfare of the horse, and other related industry issues;

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

26 (f) Designing and implementing programs that support and ensure breed
27 integrity and development;

- 1 (g) Developing monitoring programs to ensure the highest integrity of sporting
2 events and sports wagering;
- 3 (h) Developing a program to share wagering information with sports governing
4 bodies upon which sports wagering may be conducted. The program shall
5 be designed to assist the corporation in determining potential problems or
6 questionable activity and provide reports to sports governing bodies
7 effectively;
- 8 (i) Developing programs and procedures that will aggressively fulfill its
9 oversight and regulatory role to ensure the highest integrity in charitable
10 gaming;
- 11 (j) Developing programs and procedures that will aggressively provide
12 oversight and regulation for all current forms of gaming and wagering; and
- 13 (k) Ensuring that the correct responsibilities are assigned to each of its offices
14 as established in Section 5 of this Act.
- 15 (6) (a) The corporation shall:
- 16 1. Conduct all procurements in accordance with procedures which are
17 not inconsistent with the provisions of KRS Chapter 45A and this
18 chapter; provided, however, that this chapter shall control if and to the
19 extent that any provision in this chapter is expressly inconsistent with
20 any provision of KRS Chapter 45A; or
- 21 2. Promulgate administrative regulations establishing its procurement
22 procedures. If the corporation elects to promulgate administrative
23 regulations establishing its procurement procedures rather than
24 conduct procurements in accordance with KRS Chapter 45A, the
25 corporation may include sections of KRS Chapter 45A as part of its
26 administrative regulations.
- 27 (b) Major procurements for personal service contracts shall not be subject to

1 the requirements of KRS 45A.695(2)(b) due to the unique operational
2 activities conducted for state government by the corporation. The
3 corporation's procurement procedures or administrative regulations shall
4 be designed to provide for the purchase of supplies, equipment, services,
5 and construction items that provide the greatest long-term benefit to the
6 state and the greatest integrity for the corporation and the public.

7 (c) In its bidding and negotiation processes, the corporation may do its own
8 bidding and procurement, or may utilize the services of the Finance and
9 Administration Cabinet, or a combination thereof. The president of the
10 corporation may, in lieu of the secretary of the Finance and Administration
11 Cabinet, declare an emergency for purchasing purposes.

12 (7) Corporation records shall be open and subject to public inspection in accordance
13 with KRS 61.870 to 61.884 unless:

14 (a) A record is exempted from inspection under KRS 61.878;

15 (b) A record involves a trade secret or other legally protected intellectual
16 property or confidential proprietary information of the corporation or of an
17 applicant, licensee, individual, or entity having submitted information of
18 such character to the corporation, in which case, the portion of the record
19 relating to these subjects may be closed; or

20 (c) The disclosure of the record could impair or adversely affect the operational
21 security of the corporation in the regulation of matters within its
22 jurisdiction or could impair or adversely impact the operational security of
23 applicants or licensees.

24 (8) Meetings of the corporation through its board of directors shall be open to the
25 public in accordance with KRS 61.800 to 61.850 unless the exceptions set forth in
26 KRS 61.810 apply or the meeting addresses trade secrets, confidential or
27 proprietary information, or operational security issues as described in subsection

1 (7)(c) of this section. If this is the case, the corporation may meet in closed
2 session and shall follow the procedures set forth in KRS 61.815.

3 (9) (a) The corporation is hereby authorized to accept and expend such moneys as
4 may be appropriated by the General Assembly or such moneys as may be
5 received from any source for effectuating its purposes, including without
6 limitation the payment of the initial expenses of administration and
7 operation of the corporation.

8 (b) After the transfer to the corporation of any funds appropriated in fiscal year
9 2024-2025 and fiscal year 2025-2026 for the administration of this chapter
10 and KRS Chapter 238, the corporation shall be self-sustaining and self-
11 funded and moneys in the state general fund shall not be used or obligated
12 to pay the expenses of the corporation.

13 (10) On July 1, 2024:

14 (a) The Kentucky Horse Racing and Gaming Corporation shall assume all
15 responsibilities of the Kentucky Horse Racing Commission;

16 (b) The Kentucky Horse Racing Commission shall be abolished and all
17 employees of the Kentucky Horse Racing Commission are transferred to the
18 corporation; and

19 (c) All personnel, equipment, and funding shall be transferred from the
20 Kentucky Horse Racing Commission to the Kentucky Horse Racing and
21 Gaming Corporation.

22 (11) On July 1, 2025:

23 (a) The office regulating charitable gaming in the Kentucky Horse Racing and
24 Gaming Corporation shall assume all responsibilities of the Department of
25 Charitable Gaming;

26 (b) The Department of Charitable Gaming shall be abolished and all employees
27 of the Department of Charitable Gaming are transferred to the corporation;

1 and

2 (c) All personnel, equipment, and funding shall be transferred from the
3 Department of Charitable Gaming to the Kentucky Horse Racing and
4 Gaming Corporation.

5 (12) Notwithstanding any other law to the contrary, nothing in this chapter shall
6 authorize the corporation to:

7 (a) Regulate or control horse sales;

8 (b) Require the licensure of horse breeders in their capacity as breeders; or

9 (c) Exercise jurisdiction over matters within the exclusive national authority of
10 entities designated by the laws of the United States of America.

11 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
12 READ AS FOLLOWS:

13 (1) The president of the Kentucky Horse Racing and Gaming Corporation shall
14 establish offices within the corporation. Each office shall have specific duties
15 assigned by the president. Topics addressed by the offices shall include but not be
16 limited to the following:

17 (a) Pari-mutuel wagering;

18 (b) Live horse racing;

19 (c) Breed development and integrity;

20 (d) Sports wagering;

21 (e) Licensing, compliance, and investigations; and

22 (f) Charitable gaming.

23 (2) Each office shall be led by an office manager, and the president shall appoint the
24 manager of each office.

25 (3) Each office may propose the promulgation of administrative regulations related
26 to its area of jurisdiction, but the corporation shall have final authority to
27 promulgate administrative regulations under this chapter and on and after July

1 1, 2025, final authority to promulgate administrative regulations under KRS
2 Chapter 238.

3 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) (a) The affairs and responsibilities of the corporation shall be administered by
6 a board of directors composed of fifteen (15) members. All fifteen (15)
7 members shall be appointed by the Governor.

8 (b) The Governor shall appoint a chair and vice chair of the board, subject to
9 the advice and consent of the Senate. A chair or vice chair appointed when
10 the Senate is not in session shall serve only until the next regular session, or
11 special session if such matter is included in the call therefor of the General
12 Assembly, at which time the chair or vice chair shall be subject to
13 confirmation by the Senate. If the Senate is not in session, the appointments
14 shall be subject to review by the Interim Joint Committee on State
15 Government, which shall hold a public hearing and shall transmit its
16 recommendations to the Senate. If the Senate refuses to confirm the chair
17 or vice chair, then the chair or vice chair shall forfeit the office as of the
18 date on which the Senate refuses to confirm the chair or vice chair.

19 (c) Members of the board appointed by the Governor shall serve a term of four
20 (4) years, except as otherwise provided in this section.

21 (2) For appointments of the board of directors:

22 (a) Any member appointed to fill a vacancy occurring other than by expiration
23 of a term shall be appointed for the remainder of the unexpired term.

24 (b) In making appointments, the Governor shall appoint members who meet the
25 following qualifications:

26 1. Three (3) members who represent the Thoroughbred industry:

27 a. One (1) member shall serve a one (1) year term, with any

- 1 subsequent terms lasting four (4) years;
- 2 b. One (1) member shall serve a two (2) year term, with any
- 3 subsequent terms lasting four (4) years; and
- 4 c. One (1) member shall serve a three (3) year term, with any
- 5 subsequent terms lasting four (4) years;
- 6 2. One (1) member who represents the standardbred industry;
- 7 3. One (1) equine veterinarian who currently practices with race horses;
- 8 4. One (1) member shall be selected based on his or her training and
- 9 experience in the fields of investigation and law enforcement;
- 10 5. Three (3) experts in the gaming industry, with knowledge about the
- 11 technical and logistical sides of the wagering experience. At least one
- 12 (1) of these experts shall have expertise in the technical and logistical
- 13 sides of pari-mutuel wagering on previously run horse races;
- 14 6. One (1) expert in the operational aspects of the horse industry, with
- 15 particular knowledge of horse breeding;
- 16 7. One (1) expert in the operational aspects of the horse industry, with
- 17 particular knowledge of horse racing;
- 18 8. One (1) horse trainer licensed under this chapter;
- 19 9. Two (2) charitable gaming representatives; and
- 20 10. One (1) at-large member with no financial interest in the business or
- 21 industry regulated.
- 22 (3) (a) A member of the board of directors, by himself or herself or through others,
- 23 shall not knowingly:
- 24 1. Use or attempt to use the member's influence in any manner which
- 25 involves a substantial conflict between his or her personal or private
- 26 interest and the member's duties to the corporation;
- 27 2. Use or attempt to use any means to influence the corporation in

1 derogation of the corporation;

2 3. Use the member's official position or office to obtain financial gain
3 for himself or herself, or any spouse, parent, brother, sister, or child of
4 the director; or

5 4. Use or attempt to use his or her official position to secure or create
6 privileges, exemptions, advantages, or treatment for the member or
7 others in derogation of the interests of the corporation or of the
8 Commonwealth.

9 (b) A director shall not appear before the board or the corporation in any
10 manner other than as a director.

11 (c) A director shall abstain from action on an official decision in which he or
12 she has or may have a personal or private interest, and shall disclose the
13 existence of that personal or private interest in writing to each other
14 member of the board on the same day on which the director becomes aware
15 that the interest exists or that an official decision may be under
16 consideration by the board. This disclosure shall cause the decision on these
17 matters to be made in a meeting of the members of the board who do not
18 have the conflict from which meeting the director shall be absent and from
19 all votes on which matters the director shall abstain.

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

23 1. Whether a substantial threat to the director's independence of
24 judgment has been created by his or her personal or private interest;

25 2. The effect of the director's participation on public confidence in the
26 integrity of the corporation and of racing and gaming;

27 3. Whether the director's participation is likely to have any significant

1 effect on the disposition of the matter;

2 4. The need for the director's particular contribution, such as special
3 knowledge of the subject matter, to the effective functioning of the
4 corporation; and

5 5. Whether the official decision will affect the director in a manner
6 differently from the public, or will affect him or her as a member of a
7 business, profession, occupation, or group to no greater extent
8 generally than other members of the director's business, profession,
9 occupation, or group.

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

12 (e) A director shall not knowingly disclose or use confidential information
13 acquired in the course of his or her official duties in order to further the
14 director's own economic interests, or those of any person.

15 (f) A director shall not knowingly receive, directly or indirectly, any interest or
16 profit arising from the use or loan of corporation funds or funds to be
17 raised through the corporation.

18 (g) A director shall not knowingly accept compensation, other than that
19 provided in this section for directors, for performance of his or her official
20 duties.

21 (h) A present or former director shall not, within one (1) year following
22 termination of the director's membership on the board, accept employment,
23 compensation, or other economic benefit from any person or business that
24 contracts or does business with the corporation in matters in which he or
25 she was directly involved during the director's tenure. This provision shall
26 not prohibit an individual from continuing in the same business, firm,
27 occupation, or profession in which he or she was involved prior to becoming

1 a director, provided that, for a period of one (1) year following termination
2 of his or her position as a director, the director personally refrains from
3 working on any matter in which the director was directly involved as a
4 director. A director's involvement in an official decision or other action of
5 the corporation impacting a broad class of persons or entities, and affecting
6 the director to no greater extent generally than the members of the class,
7 shall not prohibit the director's employment or engagement as a member of
8 the class for any period after service as a director.

9 (i) A director, or a spouse, child, brother, sister, or parent of that director shall
10 not have a financial interest of more than five percent (5%) of the total
11 value of any vendor, other supplier of goods or services to the corporation,
12 retailer, or related entity. The corporation shall provide each member of the
13 board with a list of all current vendors, which shall be updated on at least a
14 quarterly basis.

15 (4) The board of directors shall provide the president with private-sector perspectives
16 on the operation of a large marketing enterprise. The board shall:

17 (a) Approve, disapprove, amend, or modify the budget recommended by the
18 president for the operation of the corporation;

19 (b) Approve, disapprove, amend, or modify the terms of major procurements
20 recommended by the president;

21 (c) Serve as a board of appeal for any denial, revocation, or cancellation by the
22 president of a contract with a retailer;

23 (d) Promulgate administrative regulations to carry out and implement its
24 powers and duties, the operation of the corporation, the conduct of live
25 horse racing, pari-mutuel wagering, sports wagering, breed integrity and
26 development, and on and after July 1, 2025, charitable gaming, and any
27 other matters necessary or desirable for the efficient and effective operation

1 of the corporation or convenience of the public; and

2 (e) Review the performance of the corporation and:

3 1. Advise the president and make recommendations to him or her
4 regarding operations of the corporation;

5 2. Identify potential improvements in this chapter, the administrative
6 regulations of the corporation, and the management of the
7 corporation; and

8 3. Request from the corporation any information the board determines to
9 be relevant to its duties.

10 (5) In all other matters, the board shall advise and make recommendations.

11 (6) (a) The initial members of the board shall be the members of the Kentucky
12 Horse Racing Commission serving as of July 1, 2024. Those members shall
13 continue to serve as board members of the corporation for two (2)
14 additional years until July 1, 2026.

15 (b) Any board member vacancy that occurs between July 1, 2024, and July 1,
16 2026, shall be filled by appointment for the remainder of that time period.
17 An appointment of the chair or vice chair created by a vacancy between
18 July 1, 2024, and July 1, 2026, shall require confirmation of the
19 appointment by the Senate as provided in KRS 11.160 and subsection (1) of
20 this section.

21 (c) Beginning on July 1, 2026, board members shall be appointed for regular
22 terms in accordance with this section.

23 (7) (a) Members of the board shall receive no compensation for serving on the
24 board, but shall be reimbursed for travel expenses for attending meetings
25 and performing other official functions consistent with the reimbursement
26 policy for state employees established by KRS 45.101 and administrative
27 regulations promulgated thereunder.

1 **(b) The vice chair may act in the absence of the chair.**

2 **(c) Before entering upon the discharge of their duties, all members of the board**
3 **of directors of the Kentucky Horse Racing and Gaming Corporation shall**
4 **take the constitutional oath of office.**

5 **(8) (a) All persons appointed to the corporation shall be of good moral character**
6 **and shall not have been convicted of, or under indictment for, a felony in**
7 **Kentucky, in any other state, in federal court, or in a foreign country.**

8 **(b) A board member of the corporation, or any family member of a member of**
9 **the corporation, at the time of appointment or during the member's tenure**
10 **on the corporation, shall not be a member of the legislature, a person**
11 **holding any elective office in the state government, or any officer or official**
12 **of any political party.**

13 **(9) Each appointed board member of the corporation shall be required to undergo a**
14 **national and state criminal background investigation. The criminal background**
15 **investigation shall be by means of a fingerprint check by the Department of**
16 **Kentucky State Police or equivalent state police body in the member's home state**
17 **and the Federal Bureau of Investigation, pursuant to the following requirements:**

18 **(a) The member shall provide his or her fingerprints to the Department of**
19 **Kentucky State Police, or equivalent state police body in the member's home**
20 **state, for submission to the Federal Bureau of Investigation after a state**
21 **criminal background check is conducted;**

22 **(b) The results of the national and state criminal background check shall be**
23 **sent to the corporation;**

24 **(c) The corporation shall be prohibited from releasing any criminal history**
25 **record information to any private or public entity, or authorizing receipt by**
26 **such private or public entity; and**

27 **(d) Any fee charged by the Department of Kentucky State Police or the Federal**

1 Bureau of Investigation shall be an amount no greater than the actual cost
2 of processing the request and conducting the background check. The
3 corporation may charge this fee to the member.

4 (10) (a) The Governor may remove any board member for misfeasance,
5 malfeasance, or nonfeasance in office.

6 (b) The removal may be made after the member has been served with a copy of
7 the charges against him or her and the member has a public hearing, if
8 requested.

9 (c) The member charged may request a public hearing. The request shall be in
10 writing and shall be submitted to the Governor's office within ten (10) days
11 of the service of charges upon the member.

12 (d) If a public hearing is timely requested, the hearing shall be held before a
13 hearing officer appointed by the Governor. The hearing officer shall make
14 findings of fact and conclusions of law based upon the record of the
15 hearing, and shall provide the Governor with a recommendation for action.
16 The Governor's final decision, after recommendation by the hearing officer,
17 may be appealed to the Circuit Court of the county in which the cause of
18 action arose.

19 (11) Members of the board of directors shall be subject to all applicable provisions of
20 KRS Chapter 11A.

21 (12) The provisions of KRS Chapters 18A and 64 shall not apply to the board,
22 president, managers, or staff of the corporation.

23 ➔SECTION 7. KRS 230.230 IS REPEALED AND REENACTED TO READ
24 AS FOLLOWS:

25 (1) The Governor shall appoint a president, who shall act as chief executive officer of
26 the corporation, from a list of three (3) names provided by the board of directors
27 of the corporation. The president shall serve at the pleasure of the Governor. The

1 president shall have the powers and duties described in this section and other
2 duties directed or prescribed by the corporation.

3 (2) The president shall be compensated at a level determined by the board.

4 (3) The president shall have proven successful experience for a period of at least five
5 (5) years at the management level in horse racing or gaming.

6 (4) The president shall conduct the day-to-day operations of the corporation for the
7 purpose of carrying out the policies and procedures of this chapter and the board.

8 The duties of the president include but are not limited to:

9 (a) Administering and supervising all operations of the corporation in
10 accordance with the direction of the board and administrative regulations
11 promulgated by the board;

12 (b) 1. Preparing, submitting, and recommending to the board a proposed
13 biennial budget of the corporation covering the operations of the
14 corporation and, upon approval, submitting the budget, financial
15 status, and actuarial condition of the corporation to the Governor and
16 the General Assembly for their examination; and

17 2. With the approval of the board, amending or modifying the budget at
18 any time in any manner deemed necessary for the proper operation of
19 the corporation;

20 (c) Directing and controlling all expenditures of the approved budget;

21 (d) Recommending to the board and administering a system of personnel
22 administration that includes benefits, grievance procedures, training, and
23 compensation;

24 (e) Preparing and administering fiscal, payroll, accounting, data processing,
25 and procurement procedures for the operation of the corporation;

26 (f) Recommending to the board bylaws and uniform procedures for the
27 management of the corporation;

- 1 (g) Within the limitations of the budget, employing necessary personnel in
2 accordance with the personnel policies of the board;
- 3 (h) Maintaining appropriate levels of property, casualty, and liability insurance
4 as approved by the board to protect the president, managers, employees, and
5 assets of the corporation;
- 6 (i) Attending meetings of the board or appointing a designee to attend on his or
7 her behalf;
- 8 (j) Preparing annual reports of the corporation's program of work; and
- 9 (k) Performing all other duties and responsibilities required by law.
- 10 (5) (a) The president may hire a chief operating officer for the corporation.
- 11 (b) The president shall hire a chief financial officer for the corporation, who
12 shall:
- 13 1. a. Be a certified public accountant licensed by the Commonwealth
14 of Kentucky or by another state; or
- 15 b. Be a public accountant qualified to practice public accounting
16 under KRS Chapter 325; and
- 17 2. a. Have at least five (5) years of progressively responsible
18 experience in general accounting and a comprehensive
19 knowledge of the principles and practices of corporate finance;
20 or
- 21 b. Possess the qualifications of an expert in the fields of corporate
22 finance, auditing, general finance, gaming, or economics.
- 23 (6) The president shall give an official bond in an amount and with sureties approved
24 by the board. The premium for the bond shall be paid by the corporation.
- 25 (7) Following the president's confirmation, and during his or her entire term of
26 office, the president shall reside in Kentucky.
- 27 (8) The president and the board may conduct an ongoing study of the operation and

1 administration of racing and gaming in other states or countries, of available
2 literature on the subject, of federal laws and regulations which may affect the
3 operation of the corporation, and of the reaction of citizens of this state to
4 existing or proposed racing and gaming, with a view toward implementing
5 improvements that will tend to serve the purposes of this chapter and, on and
6 after July 1, 2025, KRS Chapter 238.

7 (9) The president may:

8 (a) Require bond from corporate employees with access to corporate funds or
9 racing or gaming funds, in an amount promulgated in the administrative
10 regulations of the board. The president may also require bond from other
11 employees; and

12 (b) For good cause, suspend, revoke, or refuse to renew any contract entered
13 into in accordance with:

14 1. This chapter;

15 2. On and after July 1, 2025, KRS Chapter 238; or

16 3. The administrative regulations of the board.

17 (10) The president shall be subject to all applicable provisions of KRS Chapter 11A.

18 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
19 READ AS FOLLOWS:

20 (1) (a) Notwithstanding any provision of KRS 61.520 to the contrary, the
21 corporation shall participate in the Kentucky Employees Retirement System
22 effective July 1, 2024, and all eligible employees shall participate in the
23 Kentucky Employees Retirement System effective July 1, 2024.

24 (b) Notwithstanding any provision of KRS 18A.205 to 18A.275 to the contrary,
25 employees of the corporation shall be:

26 1. Provided the same health insurance coverage as all other state
27 government employees as provided in KRS 18A.225 to 18A.2287;

- 1 2. Provided the same life insurance coverage provided all state employees
2 as provided in KRS 18A.205 to 18A.220; and
- 3 3. Eligible to participate in the deferred compensation system provided
4 for all state government employees as provided in KRS 18A.230 to
5 18A.275.
- 6 (c) The Personnel Cabinet and the Kentucky Public Pensions Authority shall
7 assist in the transfer of employees of the Kentucky Horse Racing
8 Commission to the corporation by July 1, 2024, and the Department of
9 Charitable Gaming to the corporation by July 1, 2025.
- 10 (2) A manager or employee of the corporation shall not have a financial interest in
11 any vendor doing business or proposing to do business with the corporation.
- 12 (3) A manager or employee of the corporation with decision-making authority shall
13 not participate in any decision involving a retailer with whom the manager or
14 employee has a financial interest of five percent (5%) or more of the total value
15 thereof.
- 16 (4) A manager or employee of the corporation who leaves the employ of the
17 corporation shall not represent any vendor, retailer, or related entity before the
18 corporation for a period of two (2) years following termination of employment
19 with the corporation.
- 20 (5) A background investigation shall be conducted on every applicant who has
21 reached the final selection process prior to employment by the corporation.
22 Applicants may be fingerprinted as a condition of employment. In addition, all
23 office managers of the corporation and employees of the corporation performing
24 duties primarily related to security matters, prior to employment, shall be subject
25 to a background investigation report conducted by the Department of Kentucky
26 State Police. The Department of Kentucky State Police shall be reimbursed by the
27 corporation for the cost of investigations conducted pursuant to this section. A

person who has been convicted of a felony, bookmaking or other forms of illegal gambling, or of a crime where dishonesty is a necessary element shall not be employed by the corporation. Any employee of the corporation who is or has been convicted of a felony, bookmaking or any other form of illegal gambling, or of a crime where dishonesty is a necessary element shall be terminated from employment by the corporation, except that this requirement shall not be interpreted to limit the right of the corporation to terminate the employment of any employee, at will, prior to any conviction.

(6) Employees of the corporation shall be subject to all applicable provisions of KRS Chapter 11A.

➔SECTION 9. KRS 230.260 IS REPEALED AND REENACTED TO READ
AS FOLLOWS:

The corporation shall have all powers necessary and proper to carry out and effectuate the purposes and provisions of this chapter on and after July 1, 2024, and the purposes and provisions of KRS Chapter 238 on and after July 1, 2025, including but not limited to the following:

(1) The corporation is vested with jurisdiction and supervision over all live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, except for lottery games authorized under KRS Chapter 154A, in this Commonwealth and over all associations and all persons on association grounds and may eject or exclude therefrom or any part thereof, any person, licensed or unlicensed, whose conduct or reputation is such that the person's presence on association grounds may, in the opinion of the corporation, negatively reflect on the honesty and integrity of horse racing, or on sporting events upon which sports wagers may be placed, or interfere with the orderly conduct of horse racing or racing at horse race meetings, but no persons shall be excluded or ejected from association grounds

1 solely on the ground of race, color, creed, national origin, ancestry, or sex;

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

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

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

12 1. The amount wagered on Kentucky races; and

13 2. The total amount wagered by Kentuckians;

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

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

1 delivery, in-person delivery, or other means;

2 (5) The corporation is vested with jurisdiction over any horse training center or
3 facility in the Commonwealth that records official timed workouts for
4 publication;

5 (6) The corporation may require an applicant for a license under subsection (2) or
6 (3) of this section to submit to a background check of the applicant, or of any
7 individual or organization associated with the applicant. An applicant shall be
8 required to reimburse the corporation for the cost of any background check
9 conducted;

10 (7) The corporation, its representatives and employees, may visit, investigate, and
11 have free access to the office, track, facilities, or other places of business of any
12 licensee, or any person owning a horse or performing services regulated by this
13 chapter on a horse registered to participate in a breeders incentive fund under the
14 jurisdiction of the corporation;

15 (8) The corporation shall have full authority to prescribe necessary and reasonable
16 administrative regulations and conditions under which horse racing at a horse
17 race meeting shall be conducted in this state and to fix and regulate the minimum
18 amount of purses, stakes, or awards to be offered for the conduct of any horse
19 race meeting;

20 (9) Applications for licenses shall be made in the form and manner and contain
21 information as required by the corporation through the promulgation of
22 administrative regulations. Fees for all licenses issued under Section 10 of this
23 Act shall be prescribed by and paid to the corporation;

24 (10) The corporation shall establish by administrative regulation minimum fees for
25 jockeys to be effective in the absence of a contract between an employing owner
26 or trainer and a jockey. The minimum fees shall be no less than those of July 1,
27 1985;

1 (11) The corporation may refuse to issue or renew a license, revoke or suspend a
2 license, impose probationary conditions on a license, issue a written reprimand or
3 admonishment, impose fines or penalties, deny purse money, require the
4 forfeiture of purse money, or any combination thereof with regard to a licensee
5 or other person participating in Kentucky horse racing for violation of any
6 federal or state statute, regulation, or steward's or corporation's directive, ruling,
7 or order to preserve the integrity of Kentucky horse racing or to protect the racing
8 public. The corporation shall, by administrative regulation, establish the criteria
9 for taking the actions described in this subsection;

10 (12) The corporation may issue subpoenas for the attendance of witnesses before it
11 and for the production of documents, records, papers, books, supplies, devices,
12 equipment, and all other instrumentalities related to live horse racing, pari-
13 mutuel wagering, sports wagering, breed integrity and development, and on and
14 after July 1, 2025, charitable gaming, within the Commonwealth. The
15 corporation may administer oaths to witnesses and require witnesses to testify
16 under oath whenever, in the judgment of the corporation, it is necessary to do so
17 for the effectual discharge of its duties;

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

23 (14) The corporation shall promulgate administrative regulations establishing safety
24 standards for jockeys, which shall include the use of rib protection equipment.
25 Rib protection equipment shall not be included in a jockey's weight;

26 (15) (a) The corporation shall promulgate administrative regulations establishing a
27 self-exclusion list for individuals who self-identify as being problem or

1 compulsive gamblers.

2 (b) Self-exclusion information collected by each racing association shall be
3 forwarded to the corporation, and the information from the racing
4 associations shall be compiled into a comprehensive list that shall be
5 provided to all racing associations.

6 (c) Pursuant to KRS 61.878(1)(a), information collected under this subsection
7 shall be excluded from the application of KRS 61.870 to 61.884;

8 (16) (a) The corporation shall promulgate administrative regulations to establish
9 standards for the conduct of sports wagering, including standards for
10 receiving and paying out wagers, offering sports wagering through a
11 website or mobile application, maintaining and auditing books and
12 financial records, securely maintaining records of bets and wagers, integrity
13 requirements for sports wagering and related data, suitability requirements
14 for providers of associated equipment, geofence standards for wager
15 placement, designated areas for sports wagering, surveillance and
16 monitoring systems, and other reasonable technical criteria related to
17 conducting sports wagering.

18 (b) The corporation shall promulgate administrative regulations related to age
19 requirements for placing sports wagers, availability of information related
20 to sports wagers, and licensing requirements, including temporary
21 authorizations, for service providers, vendors, and suppliers; and

22 (17) (a) On and after July 1, 2025, the corporation is vested with jurisdiction and
23 supervision over all charitable gaming and shall promulgate administrative
24 regulations to establish standards for the conduct of charitable gaming
25 consistent with the guidelines established in this chapter and KRS Chapter
26 238. The corporation may eject or exclude therefrom or any part thereof,
27 any person, licensed or unlicensed, whose conduct or reputation is such that

1 the person's presence at a charitable gaming facility may, in the opinion of
2 the corporation, negatively reflect on the honesty and integrity of charitable
3 gaming, or interfere with the orderly conduct of charitable gaming at a
4 charitable gaming facility, but no persons shall be excluded or ejected from
5 a charitable gaming facility solely on the ground of race, color, creed,
6 national origin, ancestry, or sex.

7 (b) The administrative regulations of the Kentucky Horse Racing Commission
8 that are in effect on July 1, 2024, shall remain in effect as the initial
9 administrative regulations of the corporation until the corporation amends
10 or repeals the administrative regulations pursuant to KRS Chapter 13A,
11 except as provided by KRS 13A.3102, 13A.3104, and 13A.330.

12 (c) The administrative regulations of the Department of Charitable Gaming
13 that are in effect on July 1, 2025, shall remain in effect as the initial
14 administrative regulations of the corporation until the corporation amends
15 or repeals the administrative regulations pursuant to KRS Chapter 13A,
16 except as provided by KRS 13A.3102, 13A.3104, and 13A.330.

17 ➔Section 10. KRS 230.310 is amended to read as follows:

- 18 (1) (a) Every person not required to be licensed under KRS 230.300 who desires to
19 participate in horse racing in the Commonwealth as a horse owner, trainer,
20 jockey, apprentice jockey, agent, stable employee, racing official, association
21 employee, or employee of a person or concern contracting with the
22 association to provide a service or commodity and which requires their
23 presence on association grounds during a race meeting, or veterinarian,
24 farrier, horse dentist, or supplier of food, tack, medication, or horse feed, or in
25 any other capacity as the corporation~~racing commission~~ shall ~~from time to~~
26 ~~time~~ establish by administrative regulation, shall first apply to the
27 corporation~~racing commission~~ for a license to participate in the activity on

1 association grounds during a race meeting. No person required to be licensed
2 by this section may participate in any activity required to be licensed on
3 association grounds during a race meeting without a valid license therefor.

4 **(b)** An applicant for a license shall submit to the **corporation**~~[racing commission]~~
5 fingerprints as may be required and other information necessary and
6 reasonable for processing a license application. The **corporation**~~[racing~~
7 ~~commission]~~ is authorized to exchange fingerprint data with the Department
8 of Kentucky State Police and the Federal Bureau of Investigation in order to
9 conduct a criminal history background check of an applicant.

10 **(c)** The **corporation**~~[racing commission]~~ may issue a license if it finds that the
11 financial responsibility, age, experience, reputation, competence, and general
12 fitness of the applicant to perform the activity permitted by a license are
13 consistent with the best interest of racing and the maintenance of the honesty,
14 integrity, and high quality thereof.

15 (2) **(a)** Every person who desires to participate in sports wagering in the
16 Commonwealth working in a licensed facility for sports wagering, directly
17 supervising individuals who have the capability of affecting the outcome of
18 sports wagering, or having the capability to affect the outcome of sports
19 wagering through deployment of code to production for any critical
20 component of a sports wagering system or the capability to deploy code to
21 production shall first apply to the **corporation**~~[commission]~~ for a valid
22 occupational license to participate in that activity.

23 **(b)** An applicant for an occupational license shall submit to the
24 **corporation**~~[racing commission]~~ fingerprints as may be required and other
25 information necessary and reasonable for processing a license application.
26 The **corporation**~~[racing commission]~~ is authorized to exchange fingerprint
27 data with the Department of Kentucky State Police and the Federal Bureau of

1 Investigation in order to conduct a criminal history background check of an
2 applicant.

3 (c) The corporation~~[racing commission]~~ may issue a license if it finds that the
4 financial responsibility, age, experience, reputation, competence, and general
5 fitness of the applicant to perform the activity permitted by a license are
6 consistent with the best interest of sports wagering in the Commonwealth, and
7 the maintenance of the honesty, integrity, and high quality thereof.

8 (3) A license may be issued for the calendar year for which an applicant applies or, if
9 authorized by administrative regulation, a license may be issued that expires on the
10 last day of the birth month of the licensee. A license may be renewed by the
11 corporation~~[racing commission]~~. The license shall be valid at all horse race
12 meetings in the Commonwealth during the period for which it is issued unless
13 suspended or revoked under the administrative regulations promulgated by the
14 corporation~~[racing commission]~~ under this chapter. The occupational license to
15 participate in sports wagering may be suspended or revoked pursuant to
16 administrative regulations promulgated by the corporation~~[racing commission]~~
17 under this chapter. With respect to horse owners and trainers, the
18 corporation~~[racing commission]~~ may promulgate administrative regulations to
19 facilitate and promote uniform, reciprocal licensing with other states.

20 ➔Section 11. KRS 230.310 is amended to read as follows:

21 (1) (a) Every person not required to be licensed under KRS 230.300 who desires to
22 participate in horse racing in the Commonwealth as a horse owner, trainer,
23 jockey, apprentice jockey, agent, stable employee, racing official, association
24 employee, or employee of a person or concern contracting with the
25 association to provide a service or commodity and which requires their
26 presence on association grounds during a race meeting, or veterinarian,
27 farrier, horse dentist, or supplier of food, tack, medication, or horse feed, or in

1 any other capacity as the corporation~~[racing commission]~~ shall~~[from time to~~
2 ~~time]~~ establish by administrative regulation, shall first apply to the
3 corporation~~[racing commission]~~ for a license to participate in the activity on
4 association grounds during a race meeting. No person required to be licensed
5 by this section may participate in any activity required to be licensed on
6 association grounds during a race meeting without a valid license therefor.

7 **(b)** An applicant for a license shall submit to the corporation~~[racing commission]~~
8 fingerprints as may be required and other information necessary and
9 reasonable for processing a license application. The corporation~~[racing~~
10 ~~commission]~~ is authorized to exchange fingerprint data with the Department
11 of Kentucky State Police and the Federal Bureau of Investigation in order to
12 conduct a criminal history background check of an applicant.

13 **(c)** The corporation~~[racing commission]~~ may issue a license if it finds that the
14 financial responsibility, age, experience, reputation, competence, and general
15 fitness of the applicant to perform the activity permitted by a license are
16 consistent with the best interest of racing and the maintenance of the honesty,
17 integrity, and high quality thereof.

18 (2) **(a)** Every person who desires to participate in sports wagering in the
19 Commonwealth working in a licensed facility for sports wagering, directly
20 supervising individuals who have the capability of affecting the outcome of
21 sports wagering, or having the capability to affect the outcome of sports
22 wagering through deployment of code to production for any critical
23 component of a sports wagering system or the capability to deploy code to
24 production shall first apply to the corporation~~[commission]~~ for a valid
25 occupational license to participate in that activity.

26 **(b)** An applicant for an occupational license shall submit to the
27 corporation~~[racing commission]~~ fingerprints as may be required and other

1 information necessary and reasonable for processing a license application.

2 The corporation~~[racing commission]~~ is authorized to exchange fingerprint
3 data with the Department of Kentucky State Police and the Federal Bureau of
4 Investigation in order to conduct a criminal history background check of an
5 applicant.

6 **(c)** The corporation~~[racing commission]~~ may issue a license if it finds that the
7 financial responsibility, age, experience, reputation, competence, and general
8 fitness of the applicant to perform the activity permitted by a license are
9 consistent with the best interest of sports wagering in the Commonwealth, and
10 the maintenance of the honesty, integrity, and high quality thereof.

11 **(3)** *Every person who desires to be licensed to participate in charitable gaming shall*
12 *first meet the standards of this chapter and the standards established in KRS*
13 *Chapter 238.*

14 **(4)** A license may be issued for the calendar year for which an applicant applies or, if
15 authorized by administrative regulation, a license may be issued that expires on the
16 last day of the birth month of the licensee. A license may be renewed by the
17 corporation~~[racing commission]~~. The license shall be valid at all horse race
18 meetings in the Commonwealth during the period for which it is issued unless
19 suspended or revoked under the administrative regulations promulgated by the
20 corporation~~[racing commission]~~ under this chapter. The occupational license to
21 participate in sports wagering may be suspended or revoked pursuant to
22 administrative regulations promulgated by the corporation~~[racing commission]~~
23 under this chapter. With respect to horse owners and trainers, the
24 corporation~~[racing commission]~~ may promulgate administrative regulations to
25 facilitate and promote uniform, reciprocal licensing with other states.

26 ➔Section 12. KRS 230.817 is amended to read as follows:

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

1 known as the sports wagering administration fund. The fund shall consist of
2 moneys received from the moneys collected under KRS 138.552, 230.811,
3 and 230.814 and state appropriations.

4 (b) 1. The amounts deposited in the fund shall be used as follows:

5 a. For administrative expenses relating to or associated with the
6 purposes of sports wagering which shall be disbursed by the
7 Finance and Administration Cabinet upon the warrant of the
8 Kentucky Horse Racing and Gaming Corporation~~[Public~~
9 ~~Protection Cabinet]~~; and

10 b. Two and one-half percent (2.5%) of the funds shall be deposited in
11 the Kentucky problem gambling assistance account established in
12 KRS 230.826.

13 2. The remaining funds shall be deposited in the Kentucky permanent
14 pension fund established in KRS 42.205.

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

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

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

22 ➔Section 13. KRS 238.505 is amended to read as follows:

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

24 (1) "Office~~[Department]~~" means the office regulating~~[Department of]~~ charitable
25 gaming within the Kentucky Horse Racing and Gaming Corporation established
26 by the president under KRS Chapter 230~~[Public Protection Cabinet]~~;

27 (2) "Charitable gaming" means bingo, charity game tickets, raffles, and charity

- 1 fundraising events conducted for fundraising purposes by charitable organizations
2 licensed and regulated under the provisions of this chapter. "Charitable gaming"
3 shall not include slot machines, electronic video gaming devices, wagering on live
4 sporting events, or simulcast broadcasts of horse races;
- 5 (3) "Charitable organization" means a nonprofit entity organized for charitable,
6 religious, educational, literary, civic, fraternal, or patriotic purposes;
- 7 (4) "Bingo" means a specific game of chance in which participants use cards or paper
8 sheets, or card-minding device representations thereof, divided into horizontal and
9 vertical spaces, each of which is designated by a letter and a number, and prizes are
10 awarded on the basis of the letters and numbers on the card conforming to a
11 predetermined and preannounced configuration of letters and numbers selected at
12 random;
- 13 (5) "Charity game ticket" means a game of chance using a folded or banded paper
14 ticket, or a paper card with perforated break-open tabs, or electronic pulltab device
15 representations thereof, the face of which is covered or otherwise hidden from view
16 to conceal a number, letter, symbol, or set of numbers, letters, or symbols, some of
17 which have been designated in advance as prize winners and shall include charity
18 game tickets that utilize a seal card. "Charity game ticket" shall include pulltabs,
19 both paper and electronic representations thereof;
- 20 (6) "Seal card" means a board or placard used in conjunction with charity game tickets,
21 that contains a seal or seals which, when removed or opened, reveal predesignated
22 winning numbers, letters, or symbols;
- 23 (7) "Raffle" means a game of chance in which a participant is required to purchase a
24 ticket for a chance to win a prize, with the winner to be determined by a random
25 drawing;
- 26 (8) "Charity fundraising event" means an activity of limited duration at which games of
27 chance approved by the office~~[department]~~ are conducted, including bingo, raffles,

1 charity game tickets, special limited charitable games, and wagering on prerecorded
2 horse races, KRS Chapter 230 notwithstanding. Examples of such activities include
3 events that attract patrons for community, social, and entertainment purposes apart
4 from charitable gaming, such as fairs, festivals, carnivals, licensed charitable
5 gaming organization conventions, bazaars, and banquets. For the purposes of this
6 subsection, "banquet" shall mean a formal meal or feast held by a charitable
7 organization for community, social, or entertainment purposes apart from charitable
8 gaming;

9 (9) "Manufacturer" means a person who assembles from raw materials or subparts any
10 charitable gaming equipment or supplies used in the conduct of charitable gaming,
11 including a person who converts, modifies, and adds to or removes parts from,
12 charitable gaming equipment and supplies. The term shall not include:

13 (a) Any person who services or repairs charitable gaming supplies and
14 equipment, so long as that person replaces or repairs an incidental,
15 malfunctioning, or nonfunctioning part with a similar or identical part; and

16 (b) Any distributor who cuts, collates, and packages for distribution any gaming
17 supplies and equipment purchased in bulk;

18 (10) "Distributor" means a person who sells, markets, leases, or otherwise furnishes to a
19 charitable organization charitable gaming equipment or supplies, or both, used in
20 the conduct of charitable gaming. "Distributor" shall not include:

21 (a) A resident printer who prints raffle tickets at the request of a licensed
22 charitable organization; and

23 (b) A licensed charitable organization that affects a one-time donation of
24 charitable gaming supplies or equipment to another licensed charitable
25 organization if the donation is first approved by the office~~[department]~~.

26 (11) "Charitable gaming facility" means the premises on which charitable gaming is
27 conducted;

- 1 (12) "Gross receipts" means all moneys collected or received from the conduct of
2 charitable gaming;
- 3 (13) "Adjusted gross receipts" means gross receipts less all cash prizes and the amount
4 paid for merchandise prizes purchased;
- 5 (14) "Net receipts" means adjusted gross receipts less all expenses, charges, fees, and
6 deductions authorized under this chapter;
- 7 (15) "Charitable gaming supplies and equipment" means any material, device, apparatus,
8 or paraphernalia customarily used in the conduct of charitable gaming, including
9 bingo cards and paper, charity game tickets, and other apparatus or paraphernalia
10 used in conducting games of chance at charity fundraising events subject to
11 regulation under this chapter. The term shall not include any material, device,
12 apparatus, or paraphernalia incidental to the game, such as pencils, daubers, playing
13 cards, or other supplies that may be purchased from normal sources of supply;
- 14 (16) "Door prize" means a prize awarded to a person based solely upon the person's
15 attendance at an event or the purchase of a ticket to attend an event;
- 16 (17) "Special limited charitable game" means roulette; blackjack; poker; keno; money
17 wheel; baccarat; pusher-type games; any dice game where the player competes
18 against the house; and any other game of chance as identified, defined, and
19 approved by administrative regulation of the corporation~~department~~;
- 20 (18) "Special limited charity fundraising event" means any type of charity fundraising
21 event, commonly known as and operated as a "casino night," "Las Vegas night," or
22 "Monte Carlo night," at which the predominant number or types of games offered
23 for play are special limited charitable games;
- 24 (19) "Session" or "bingo session" means a single gathering at which a bingo game or
25 series of successive bingo games are played, excluding bingo played at a charity
26 fundraising event;
- 27 (20) "Immediate family" means:

1 (a) Spouse and parents-in-law;

2 (b) Parents and grandparents;

3 (c) Children and their spouses; and

4 (d) Siblings and their spouses;

5 (21) "Affiliate" means any corporation, partnership, association, or other business or
6 professional entity or any natural person that directly or indirectly, through one or
7 more intermediaries, controls, or is controlled by, or is under common control with
8 a licensed manufacturer, distributor, or charitable gaming facility;

9 (22) "~~Board~~~~[Secretary]~~" means the board of directors~~[secretary]~~ of the Kentucky Horse
10 Racing and Gaming Corporation~~[Public Protection Cabinet]~~;

11 (23) "Corporation" means the Kentucky Horse Racing and Gaming Corporation;

12 (24) "Manager~~[Commissioner]~~" means the manager~~[commissioner]~~ of the office
13 regulating~~[Department of]~~ charitable gaming established by the president within
14 the Kentucky Horse Racing and Gaming Corporation~~[Public Protection Cabinet]~~;

15 (25) "President" means the president of the Kentucky Horse Racing and Gaming
16 Corporation;

17 (26)~~(24)~~ "Chairperson" means the chief executive officer and any officer, member, or
18 employee of a licensed charitable organization who will be involved in the
19 management and supervision of charitable gaming as designated in the
20 organization's charitable gaming license application under KRS 238.535(13)(g);

21 (27)~~(25)~~ "Year" means calendar year except as used in~~[subsection (11) of this section~~
22 ~~and]~~ KRS 238.535(11), 238.545(4), 238.547(1), and 238.555(7), when "year"
23 means the licensee's license year;

24 (28)~~(26)~~ "Card-minding device" means any mechanical, electronic, electromechanical,
25 or computerized device that is interfaced with or connected to equipment used to
26 conduct a game of bingo and that allows a player to store, display, and mark a bingo
27 card face. A card-minding device shall not be designed and manufactured to

resemble any electronic gaming device that utilizes a video display monitor, such as a video lottery terminal, video slot machine, video poker machine, or any similar video gaming device;

(29)~~[(27)]~~ "Electronic pulltab device" means an electronic device used only for charitable gaming to facilitate the play of an electronic pulltab. An electronic pulltab device shall be a tablet or other personal computing device, other than a mobile phone or similar handheld device, as approved by the office~~[department]~~. An electronic pulltab device may only operate on a closed network or intranet that is confined to the licensee's premises, and shall not be Internet accessible by patrons, but shall be connected to a central server system solely for the purposes of monitoring, reporting, accounting, and software maintenance. An electronic pulltab device shall not be designed and manufactured to resemble any electronic gaming device that utilizes a video display monitor, such as a video lottery terminal, video slot machine, video poker machine, or any similar video gaming device; and

(30)~~[(28)]~~ "Electronic video gaming device," as used in this chapter and the related administrative regulations, means any device that possesses a video display and computer mechanism for playing a game. Electronic video gaming device shall not mean any electronic representation of charitable gaming games identified, defined, and approved by statute and by administrative regulation of the corporation~~[department]~~.

➔Section 14. KRS 238.510 is amended to read as follows:

- (1) The Office~~[Department]~~ of Charitable Gaming is created as an office~~[a department]~~ within the Kentucky Horse Racing and Gaming Corporation~~[Public Protection Cabinet]~~. The office~~[department]~~ shall license and regulate the conduct of charitable gaming and license and regulate charitable organizations that desire to engage in charitable gaming, charitable gaming facilities, manufacturers, and distributors in the Commonwealth of Kentucky in accordance with the provisions of

1 this chapter.

2 (2) The office~~[department]~~ shall be headed by a manager~~[commissioner]~~ who shall be
3 appointed by the president~~[Governor]~~. The president~~[commissioner]~~ shall employ
4 staff as may be necessary to administer and enforce the provisions of this chapter.

5 (3) All office~~[department]~~ staff shall be classified and employed in accordance with
6 applicable personnel requirements of the Personnel Cabinet in accordance with
7 KRS Chapter 18A.

8 (4) No employee of the office~~[department]~~ during his or her term of employment shall
9 be an officer in a charitable organization that is licensed to conduct charitable
10 gaming or be involved in the conduct of charitable gaming as a member of a
11 licensed charitable organization. No employee of the office~~[department]~~ during his
12 or her term of employment shall be licensed as a manufacturer, distributor, or
13 charitable gaming facility, or have a financial interest in any business that is
14 licensed as a manufacturer, distributor, or charitable gaming facility.

15 (5) The president~~[commissioner]~~ shall appoint charitable gaming investigators who
16 shall have the powers of peace officers throughout the Commonwealth; however,
17 those powers shall be limited to:

18 (a) Enforcement of the provisions of KRS Chapter 238, relating to charitable
19 gaming;

20 (b) Violations of KRS Chapter 528, relating to:

21 1. Unlicensed and illegal charitable gaming;

22 2. Gambling offenses committed on licensed charitable gaming premises;
23 and

24 3. Gambling offenses committed in conjunction with charitable gaming;

25 (c) Violations of KRS Chapter 514, relating to theft, embezzlement, or other
26 illegal diversions of charitable gaming proceeds;

27 (d) Violations of KRS Chapters 516 and 517, relating to forgery and fraud in the

1 conduct of charitable gaming;

2 (e) Violations relating to the damage or destruction of real or personal property
3 owned or leased by a charitable gaming licensee; and

4 (f) Violation of any criminal felony offense committed:

5 1. On licensed charitable gaming premises; and

6 2. In the presence of a charitable gaming investigator.

7 (6) Charitable gaming investigators shall satisfy the certification standards established
8 by the Department of Criminal Justice Training pursuant to KRS Chapter 15. The
9 manager~~commissioner~~ may possess peace officer powers granted under
10 subsection (5) of this section, if he or she is duly qualified. Charitable gaming
11 investigators shall not qualify for hazardous duty coverage under the Kentucky
12 Employees Retirement System.

13 (7) Charitable gaming investigators so appointed shall not possess peace officer powers
14 other than those provided in subsection (5) of this section.

15 ➔Section 15. KRS 238.515 is amended to read as follows:

16 The office~~department~~ shall license and regulate the conduct of charitable gaming in the
17 Commonwealth of Kentucky. In discharging this responsibility, the office~~department~~
18 shall have the following powers and duties:

19 (1) Licensing charitable organizations, charitable gaming facilities, manufacturers, and
20 distributors that desire to engage in charitable gaming;

21 (2) Establishing and enforcing reasonable standards for the conduct of charitable
22 gaming and the operation of charitable gaming facilities;

23 (3) Prescribing reasonable fees for licenses;

24 (4) Establishing standards of accounting, recordkeeping, and reporting to insure
25 charitable gaming receipts are properly accounted for;

26 (5) Establishing a process for reviewing complaints and allegations of wrongdoing, and
27 for investigating complaints with merit. In furtherance of this duty, the office

- 1 ~~may~~~~[department shall have the authority to]~~ issue administrative subpoenas and
2 summonses. The office~~[department]~~ shall also establish toll-free telephone service
3 for receiving complaints and inquiries;
- 4 (6) Taking appropriate disciplinary action, subject to the final order of the board, and
5 making referrals for criminal prosecution of persons who do not operate in
6 compliance with this chapter;
- 7 (7) Collecting and depositing all fees and fines in the charitable gaming regulatory
8 account and administering the account;
- 9 (8) Employing necessary staff, securing adequate office space, and executing other
10 administrative and logistical matters~~[as may be necessary]~~ to assure proper
11 functioning of the office~~[department]~~; and
- 12 (9) Proposing~~[Promulgating]~~ administrative regulations~~[, in accordance with KRS~~
13 ~~Chapter 13A,]~~ which are necessary to carry out the purposes and intent of this
14 chapter. Any administrative regulation proposed by the office~~[department]~~ that
15 changes the manner in which a charitable organization conducts charitable gaming
16 or is likely to cause a charitable organization to incur new or additional costs shall
17 be subject to the requirements of KRS 238.522. In proposing~~[promulgating]~~
18 administrative regulations under this subsection, the office~~[department]~~ shall submit
19 any proposed regulations to the Kentucky Horse Racing and Gaming Corporation
20 and the advisory council~~[commission]~~ established under KRS 238.520, and shall
21 give~~[not promulgate the administrative regulations without giving]~~ the advisory
22 council~~[commission]~~ the opportunity to produce written comments in accordance
23 with KRS 238.522 prior to submitting the proposed administrative regulations to
24 the Kentucky Horse Racing and Gaming Corporation. If the advisory
25 council~~[commission]~~ chooses to produce written comments, the comments shall be
26 attached to any public submission of the administrative regulation, including any
27 filing under KRS Chapter 13A.

1 ➔ Section 16. KRS 238.520 is amended to read as follows:

- 2 (1) The Charitable Gaming Advisory Council~~Commission~~ is created to be composed
3 of nine (9) members consisting of:
- 4 (a) The president~~secretary~~ of the Kentucky Horse Racing and Gaming
5 Corporation~~Public Protection Cabinet~~ or~~his~~ designee;
- 6 (b) The Attorney General or~~his~~ designee;
- 7 (c) One (1) representative from the Kentucky Commonwealth's Attorneys
8 Association;
- 9 (d) One (1) representative from the Kentucky Charitable Gaming Association;
- 10 (e) One (1) certified public accountant;
- 11 (f) One (1) member selected from the public at large;
- 12 (g) One (1) representative selected from the Joint Executive Council of Veterans
13 Organizations of Kentucky;
- 14 (h) One (1) representative from Catholic organizations; and
- 15 (i) One (1) representative from Kentucky's volunteer firefighter organizations.
- 16 The certified public accountant, the one (1) at-large member, and the
17 representatives from the Kentucky Commonwealth's Attorneys Association and the
18 Kentucky Charitable Gaming Association shall be appointed by the Governor. The
19 representative from each of the two (2) associations, the one (1) representative from
20 the Joint Executive Council of Veterans Organizations of Kentucky, the one (1)
21 representative from the Catholic organizations, and the one (1) representative from
22 the volunteer firefighter organizations shall be selected from a list of at least three
23 (3) names submitted to the Governor by the respective association.
- 24 (2) ~~Initial appointments to the commission shall be for staggered terms as follows: one~~
25 ~~(1) member for a term of one (1) year; two (2) members for a term of two (2) years;~~
26 ~~two (2) members for a term of three (3) years; and two (2) members for a term of~~
27 ~~four (4) years. Thereafter,]~~Each member shall be appointed for a term of four (4)

1 years. No member from the public at large shall be appointed in the same year.
2 Vacancies shall be filled in the same manner as the original appointment for the
3 unexpired portion of the term. No member of the council~~[commission]~~ may serve
4 more than two (2) full terms.

5 (3) The Charitable Gaming Advisory Council~~[Commission]~~ shall provide ongoing
6 advice and input to the office~~[department]~~ and to the General Assembly but shall
7 not become directly involved in the licensing and regulation of charitable gaming
8 by the office or corporation~~[department]~~.

9 (4) The council~~[commission]~~ shall meet quarterly, upon the request of the chair or four
10 (4) of its members or as otherwise directed by the office~~[department]~~. Five (5)
11 members shall constitute a quorum for conducting business. The
12 council~~[commission]~~ shall annually elect a chair~~[chairman]~~ from its membership,
13 and no person elected chair~~[chairman]~~ shall serve more than two (2) consecutive
14 terms of one (1) year each. Members shall receive no compensation for serving on
15 the council~~[commission]~~, but shall be reimbursed for travel expenses for attending
16 meetings and performing other official functions, consistent with state
17 reimbursement policy for state employees.

18 ➔Section 17. KRS 238.522 is amended to read as follows:

19 (1) The corporation shall promulgate all administrative regulations relating to
20 charitable gaming. Any administrative regulation filing may be proposed by the
21 office, but it shall only be approved and filed by the corporation. Authority over
22 administrative regulations promulgated under this chapter shall be transferred to
23 and vested in the corporation on and after July 1, 2025, as authorized by KRS
24 13A.312.

25 (2)~~[(1)]~~ (a) If the office~~[department]~~ has proposed a new or amended administrative
26 regulation that changes the manner in which a charitable organization
27 conducts charitable gaming or is likely to cause a charitable organization to

1 incur new or additional costs, the office~~[department]~~ shall not
2 propose~~[promulgate]~~ the proposed administrative regulation to the
3 corporation without first receiving comments from the Charitable Gaming
4 Advisory Council~~[Commission]~~ established in KRS 238.520, subject to the
5 restrictions of paragraph (b) of this subsection.

- 6 (b) 1. If the proposed administrative regulation qualifies under paragraph (a)
7 of this subsection, the office~~[department]~~ shall distribute the proposed
8 administrative regulation to the advisory council~~[commission]~~.
- 9 2. The advisory council~~[commission]~~ shall be granted a maximum of sixty
10 (60) days to submit its comments on the proposed regulatory change. If
11 the administrative regulation is a new emergency regulation, the
12 advisory council~~[commission]~~ shall be granted a maximum of thirty
13 (30) days to submit its comments on the proposed regulatory change.
- 14 3. The time limits in this paragraph shall begin from the day the
15 office~~[department]~~ submits the regulatory change and sets a date for a
16 proposed hearing for the comments of the advisory
17 council~~[commission]~~. If the advisory council~~[commission]~~ is already
18 scheduled to meet at a time that will give it an adequate opportunity to
19 review the administrative regulation and respond, the hearing may be
20 held at that meeting.
- 21 4. If the~~[an]~~ advisory council~~[commission]~~ is not scheduled to meet, the
22 office~~[department]~~ shall arrange for the advisory council~~[commission]~~
23 to meet at a time that will provide the advisory council~~[commission]~~ an
24 adequate opportunity to review and comment on the administrative
25 regulation within the time limit. If the advisory council~~[commission]~~
26 fails to comment within the time limit, the office~~[department]~~ may
27 proceed with the administrative changes at the~~[its]~~ discretion of the

1 corporation.

2 (c) To the extent that any other statute relating to the office's~~[department's]~~
3 authority to propose~~[promulgate]~~ administrative regulations conflicts with this
4 section, this section shall take precedence.

5 (d) If the advisory council~~[commission]~~ chooses to produce written comments,
6 these comments shall be attached to any public submission of the
7 administrative regulation, including any filing under KRS Chapter 13A, and
8 may include majority or minority comments or both.

9 ~~(3)~~~~(2)~~ Any power or limitation relating to administrative regulations
10 proposed~~[promulgated]~~ by the office~~[department]~~ that are subject to subsection
11 ~~(2)~~~~(1)~~ of this section shall also apply to administrative regulations
12 proposed~~[promulgated]~~ by the manager~~[commissioner]~~ of the office~~[department]~~.

13 ➔Section 18. KRS 238.525 is amended to read as follows:

14 (1) Licenses shall be issued by the office~~[department]~~ on an annual or biennial basis,
15 except as otherwise permitted in KRS 238.530 and 238.545. A license term may be
16 determined by the office~~[department]~~ in any manner it deems appropriate to
17 facilitate efficient licensing. The office~~[department]~~ shall charge a renewal fee not
18 to exceed the maximum amounts established in KRS 238.530, 238.535, and
19 238.555.

20 (2) The office~~[department]~~ may issue a temporary license to an applicant who has met
21 the requirements for a license. A temporary license shall be valid from the date of
22 issuance until the regular license is issued or for a period of sixty (60) days,
23 whichever is shorter. A temporary license shall not be renewed, except for good
24 cause and shall not exceed a total of nine (9) months in length.

25 (3) An applicant for any license to be issued under KRS 238.530 and 238.555 shall be
26 subjected to a state and national criminal history background check by the
27 office~~[department]~~, with the assistance of the Department of Kentucky State Police

1 and the Federal Bureau of Investigation. An applicant for any license to be issued
2 under KRS 238.535 shall be subjected to a state criminal history background check
3 and may, if deemed reasonably necessary, be subjected to a national criminal
4 history background check by the office~~[department]~~ with the assistance of the
5 Department of Kentucky State Police and the Federal Bureau of Investigation. The
6 criminal history background check shall apply to the chief executive officer and the
7 chief financial officer or director of an applicant; any employee or member of an
8 applicant who has been designated as chairperson of the charitable gaming activity;
9 the applicant itself; and any individual with a ten percent (10%) or more financial
10 interest in the applicant. The office~~[department]~~ shall require the fingerprinting of
11 all applicants for licensure under KRS 238.530 and 238.555 and may require, if
12 deemed reasonably necessary, the fingerprints of all applicants for licensure under
13 KRS 238.535, who are natural persons in connection with the national criminal
14 history background check to assure the identity of the applicant or applicants. The
15 office~~[department]~~ may charge a reasonable fee not to exceed the actual cost of
16 fingerprinting and records searching.

17 (4) No applicant shall be licensed and no license holder shall be able to maintain a
18 license if an individual associated with the applicant or license holder in a capacity
19 listed in subsection (3) of this section or the applicant or license holder itself has
20 been convicted of a felony, gambling offense, criminal fraud, forgery, theft,
21 falsifying business records, violation of KRS 238.995(7), or any two (2)
22 misdemeanor crimes in federal court or the courts of any state, the District of
23 Columbia, or any territory, consistent with the provisions of KRS Chapter 335B
24 within ten (10) years preceding the application for licensure.

25 (5) No applicant shall be licensed unless all applicants required to be fingerprinted
26 under the provision of subsection (3) of this section have been fingerprinted. The
27 Department of Kentucky State Police may submit fingerprints of any applicant to

1 the Federal Bureau of Investigation for the national criminal history background
2 check. The corporation~~[department]~~ may by administrative regulation impose
3 additional qualifications to meet the requirements of Pub. L. No. 92-544.

4 (6) If a change occurs in any information submitted during the license application
5 process, the applicant or licensee shall notify the office~~[department]~~ in writing
6 within thirty (30) days of the date the change occurred.

7 ➔Section 19. KRS 238.530 is amended to read as follows:

8 (1) No person shall sell, offer to sell, rent, lease, or otherwise furnish charitable gaming
9 supplies or equipment unless the person is licensed by the office~~[department]~~ as a
10 distributor. The office~~[department]~~ shall charge a license fee not to exceed one
11 thousand dollars (\$1,000).

12 (2) No person shall sell, offer to sell, rent, lease, or otherwise furnish charitable gaming
13 supplies and equipment unless the person is licensed by the office~~[department]~~ as a
14 manufacturer. The office~~[department]~~ shall charge a license fee not to exceed one
15 thousand dollars (\$1,000).

16 (3) No person who is licensed as a charitable organization, and no owner, officer,
17 employee, or member of the immediate family of an owner, officer, or employee of
18 a licensed charitable gaming facility shall be eligible for licensure as a distributor or
19 manufacturer. No affiliate of an owner, officer, or employee, or member of the
20 immediate family of an owner, officer, or employee of a licensed charitable gaming
21 facility shall be licensed as a distributor or manufacturer. No person who is a
22 licensed wholesaler or distributor of alcoholic beverages shall be licensed as a
23 distributor or manufacturer. No person who is licensed as a distributor shall be
24 licensed as a manufacturer, and no person licensed as a manufacturer shall be
25 licensed as a distributor.

26 (4) An applicant for a license as a manufacturer or distributor shall apply for license on
27 forms provided by the office~~[department]~~ and shall submit as part of the application

1 process the following:

2 (a) The full name, address, date of birth, and Social Security number of the
3 applicant;

4 (b) If the applicant is a corporation or other business entity, the names, addresses,
5 dates of birth, and Social Security numbers of all officers and management
6 personnel;

7 (c) The name, address, date of birth, and Social Security number of any
8 individual who has ten percent (10%) or more financial interest in the
9 applicant organization;

10 (d) Federal employer tax number;

11 (e) A sworn statement by the applicant or the appropriate officer that all
12 information provided is true and correct and that the applicant agrees to
13 comply with the applicable provisions of this chapter and all applicable
14 administrative regulations promulgated thereunder;

15 (f) The name, address, and telephone number of a registered agent within the
16 Commonwealth of Kentucky, if the applicant is not a resident; and

17 (g) Any other information the office~~[department]~~ deems appropriate.

18 (5) Each licensed manufacturer and distributor shall maintain a complete set of records
19 as may be required by the office~~[department]~~ to document all activities related to
20 the sale, rental, lease, or furnishing of charitable gaming supplies and equipment in
21 the Commonwealth of Kentucky. These records shall be available for inspection by
22 the office~~[department]~~ at reasonable times, and all records shall be maintained for a
23 minimum of three (3) years. The office~~[department]~~ may require a licensed
24 manufacturer and distributor to report on its activity, with the content and frequency
25 of these reports to be prescribed by administrative regulation promulgated by the
26 corporation~~[department]~~.

27 (6) A distributor who does not receive payment in accordance with the terms of its

1 sales or lease agreement from a licensed charitable organization within thirty (30)
2 days of the delivery of charitable gaming supplies and equipment shall notify the
3 office~~[department]~~ of the delinquency in writing in a form and manner prescribed
4 by the office~~[department]~~. A manufacturer who does not receive payment in full
5 from a distributor within sixty (60) days of the delivery of charitable gaming
6 supplies and equipment shall notify the office~~[department]~~ of the delinquency in
7 writing in a form and manner prescribed by the office~~[department]~~.

8 (7) A licensed manufacturer shall not sell charitable gaming supplies and equipment to
9 any person not licensed as a distributor in the Commonwealth of Kentucky.

10 (8) A licensed distributor shall not sell charitable gaming supplies and equipment to
11 any person not licensed as a distributor or a charitable organization in the
12 Commonwealth of Kentucky, unless the organization is exempted from licensure
13 under the provisions of this chapter.

14 (9) A licensed distributor shall not purchase charitable gaming supplies and equipment
15 from any person not licensed as a manufacturer or distributor in the Commonwealth
16 of Kentucky.

17 (10) No officer, owner, employee, or contractee of a licensed distributor or licensed
18 manufacturer or their affiliates and no member of the immediate family of an
19 owner, officer, employee, or contractee of a licensed distributor or licensed
20 manufacturer or their affiliates, shall, with respect to a licensed charitable
21 organization:

- 22 (a) Manage or otherwise be involved in the conduct of charitable gaming;
- 23 (b) Provide bookkeeping or other accounting services related to the conduct of
24 charitable gaming;
- 25 (c) Handle any moneys generated in the conduct of charitable gaming;
- 26 (d) Advise a licensed charitable organization on the expenditure of net receipts;
- 27 (e) Provide transportation services in any manner to patrons of a charitable

- 1 gaming activity;
- 2 (f) Provide advertisement or marketing services in any manner to a licensed
- 3 charitable organization;
- 4 (g) Provide, coordinate, or solicit the services of personnel or volunteers in any
- 5 manner;
- 6 (h) Provide training or consulting on the conduct of charitable gaming, except in
- 7 connection with the use of its own equipment or supplies;
- 8 (i) Store its charitable gaming equipment or supplies in or on the premises of a
- 9 licensed charitable gaming facility; or
- 10 (j) Donate or give any prize to be awarded in the conduct of charitable gaming.

11 ➔Section 20. KRS 238.535 is amended to read as follows:

12 (1) Any charitable organization conducting charitable gaming in the Commonwealth of

13 Kentucky shall be licensed by the office~~[department]~~. A charitable organization

14 qualifying under subsection (12) of this section but not exceeding the limitations

15 provided in this subsection shall be exempt from the licensure requirements when

16 conducting the following charitable gaming activities:

- 17 (a) Bingo in which the gross receipts do not exceed a total of twenty-five
- 18 thousand dollars (\$25,000) per year;
- 19 (b) A raffle or raffles for which the gross receipts do not exceed twenty-five
- 20 thousand dollars (\$25,000) per year; and
- 21 (c) A charity fundraising event or events that do not involve special limited
- 22 charitable games and the gross gaming receipts for which do not exceed
- 23 twenty-five thousand dollars (\$25,000) per year.

24 However, at no time shall a charitable organization's total limitations under this

25 subsection exceed twenty-five thousand dollars (\$25,000).

- 26 (2) (a) Any charitable organization exempt from the process of applying for a license
- 27 under subsection (1) of this section, shall notify the office~~[department]~~ in

1 writing, on a simple form issued by the office[department], of its intent to
2 engage in exempt charitable gaming and the address at which the gaming is to
3 occur. Any charitable organization exempt from the process of applying for a
4 license under subsection (1) of this section, shall comply with all other
5 provisions of this chapter relating to the conduct of charitable gaming, except:

- 6 1. Payment of the fee imposed under the provisions of KRS 238.570; and
- 7 2. The quarterly reporting requirements imposed under the provisions of
8 KRS 238.550(7), unless the exempt charitable organization obtains a
9 retroactive license pursuant to subsection (9) of this section.

10 (b) Before January 31 of the year immediately following the year of exemption, a
11 charitable organization exempt from licensure under the provisions of
12 subsection (1) of this section shall file a financial report with the
13 office[department], on a form issued by the office[department], that contains
14 the following information:

- 15 1. The type of gaming activity in which it engaged during that year;
- 16 2. The total gross receipts derived from gaming;
- 17 3. The amount of charitable gaming expenses paid;
- 18 4. The amount of net receipts derived; and
- 19 5. The disposition of those net receipts.

20 (3) An exemption that has been granted to a charitable organization for the preceding
21 calendar year shall be automatically renewed on January 1 of the following year.

22 (4) If upon receipt of the financial report the office[department] determines that the
23 information appearing on the financial report renders the charitable organization
24 ineligible to possess an exemption, the office[department] shall notify the charitable
25 organization that its exemption is rescinded. The organization may request an
26 appeal of this rescission pursuant to KRS 238.565.

27 (5) If the annual financial report is not received by January 31, the exemption is

1 automatically rescinded unless an extension of no more than thirty (30) days is
2 granted by the office~~[department]~~. The organization may request an appeal of this
3 rescission pursuant to KRS 238.565.

4 (6) If an exemption is revoked because an organization has exceeded the limit imposed
5 in subsection (1) of this section, the organization shall apply for a retroactive
6 license in accordance with subsection (7) of this section.

7 (7) If an organization exceeds the limit imposed by any subsection of this section it
8 shall:

9 (a) Report the amount to the office~~[department]~~; and

10 (b) Apply for a retroactive charitable gaming license.

11 (8) Upon receipt of a report and application for a retroactive charitable gaming license,
12 the office~~[department]~~ shall investigate to determine if the organization is otherwise
13 qualified to hold the license.

14 (9) If the office~~[department]~~ determines that the applicant is qualified, it shall issue a
15 charitable gaming license retroactive to the date on which the exemption limit was
16 exceeded. The retroactive charitable gaming license shall be issued in the same
17 manner as regular charitable gaming licenses.

18 (10) If the office~~[department]~~ determines that the applicant is not qualified it shall deny
19 the license and take enforcement action, if appropriate.

20 (11) Once a retroactive or regular gaming license is issued to an organization, that
21 organization shall not be eligible for exempt status in the future and shall maintain a
22 charitable gaming license if it intends to continue charitable gaming activities,
23 unless the charitable organization has not exceeded the exemption limitations of
24 subsection (1) of this section for a period of two (2) years prior to its exemption
25 request.

26 (12) (a) In order to qualify for licensure, a charitable organization shall:

27 1. a. Possess a tax exempt status under 26 U.S.C. secs. 501(c)(3),

1 501(c)(4), 501(c)(8), 501(c)(10), or 501(c)(19), or be covered
2 under a group ruling issued by the Internal Revenue Service under
3 authority of those sections; or

4 b. Be organized within the Commonwealth of Kentucky as a
5 common school as defined in KRS 158.030, as an institution of
6 higher education as defined in KRS 164A.305, or as a state college
7 or university as provided for in KRS 164.290;

8 2. Have been established and continuously operating within the
9 Commonwealth of Kentucky for charitable purposes, other than the
10 conduct of charitable gaming, for a period of three (3) years prior to
11 application for licensure. For purposes of this paragraph, an applicant
12 shall demonstrate establishment and continuous operation in Kentucky
13 by its conduct of charitable activities from an office physically located
14 within Kentucky both during the three (3) years immediately preceding
15 its application for licensure and at all times during which it possesses a
16 charitable gaming license. However, a charitable organization that
17 operates for charitable purposes in more than ten (10) states and whose
18 principal place of business is physically located in a state other than
19 Kentucky may satisfy the requirements of this paragraph if it can
20 document that it has:

21 a. Been actively engaged in charitable activities and has made
22 reasonable progress, as defined in subparagraph 3. of this
23 paragraph, in the conduct of charitable activities or the expenditure
24 of funds within Kentucky for a period of three (3) years prior to
25 application for licensure; and

26 b. Operated for charitable purposes from an office or place of
27 business in the Kentucky county where it proposes to conduct

1 charitable gaming for at least one (1) year prior to application for
2 licensure, in accordance with subparagraph 4. of this paragraph
3 and paragraph (c) of this subsection;

4 3. Have been actively engaged in charitable activities during the three (3)
5 years immediately prior to application for licensure and be able to
6 demonstrate, to the satisfaction of the office~~[department]~~, reasonable
7 progress in accomplishing its charitable purposes during this period. As
8 used in this paragraph, "reasonable progress in accomplishing its
9 charitable purposes" means the regular and uninterrupted conduct of
10 activities within the Commonwealth or the expenditure of funds within
11 the Commonwealth to accomplish relief of poverty, advancement of
12 education, protection of health, relief from disease, relief from suffering
13 or distress, protection of the environment, conservation of wildlife,
14 advancement of civic, governmental, or municipal purposes, or
15 advancement of those purposes delineated in KRS 238.505(3). In order
16 to demonstrate reasonable progress in accomplishing its charitable
17 purposes when applying to renew an existing license, a licensed
18 charitable organization shall additionally provide to the
19 office~~[department]~~ a detailed accounting regarding its expenditure of
20 charitable gaming net receipts for the purposes described in this
21 paragraph; and

22 4. Have maintained an office or place of business, other than for the
23 conduct of charitable gaming, for at least one (1) year in the county in
24 which charitable gaming is to be conducted. The office or place of
25 business shall be a separate and distinct address and location from that
26 of any other licensee of the Office~~[Department]~~ of Charitable Gaming;
27 except that up to three (3) licensed charitable organizations may have

1 the same address if they legitimately share office space.

2 (b) 1. A charitable organization that has established and maintained an office
3 or place of business in the county for a period of at least one (1) year
4 may hold a raffle drawing or a charity fundraising event, including
5 special limited charity fundraising events, in a Kentucky county other
6 than that in which the organization's office or place of business is
7 located.

8 2. For raffles, the organization shall notify the Office~~[Department]~~ of
9 Charitable Gaming in writing of the organization's intent to change the
10 drawing's location at least thirty (30) days before the drawing takes
11 place. This written notification:

12 a. May be transmitted in any commercially reasonable means,
13 authorized by the office~~[department]~~, including facsimile and
14 electronic mail; and

15 b. Shall set out the place and the county in which the drawing will
16 take place.

17 Approval by the office~~[department]~~ shall be received prior to the
18 conduct of the raffle drawing at the new location.

19 (c) Any charitable organization that was registered with the county clerk to
20 conduct charitable gaming in a county on or before March 31, 1992, shall
21 satisfy the requirement contained in paragraph (a)4. of this subsection if it
22 maintained a place of business or operation, other than for the conduct of
23 charitable gaming, for one (1) year prior to application in a Kentucky county
24 adjoining the county in which they were registered.

25 (13) In applying for a license, the information to be submitted shall include but not be
26 limited to the following:

27 (a) The name and address of the charitable organization;

- 1 (b) The date of the charitable organization's establishment in the Commonwealth
2 of Kentucky and the date of establishment in the county or counties in which
3 charitable gaming is to be conducted;
- 4 (c) A statement of the charitable purpose or purposes for which the organization
5 was organized. If the charitable organization is incorporated, a copy of the
6 articles of incorporation shall satisfy this requirement;
- 7 (d) A statement explaining the organizational structure and management of the
8 organization. For incorporated entities, a copy of the organizations' bylaws
9 shall satisfy this requirement;
- 10 (e) A detailed accounting of the charitable activities in which the charitable
11 organization has been engaged for the three (3) years preceding application
12 for licensure;
- 13 (f) The names, addresses, dates of birth, and Social Security numbers of all
14 officers of the organization;
- 15 (g) The names, addresses, dates of birth, and Social Security numbers of all
16 employees and members of the charitable organization who will be involved
17 in the management and supervision of charitable gaming. No fewer than two
18 (2) employees or members of the charitable organization who are involved in
19 the management and supervision of charitable gaming, along with the chief
20 executive officer or the director of the applicant organization, shall be
21 designated as chairpersons;
- 22 (h) The address of the location at which charitable gaming will be conducted and
23 the name and address of the owner of the property, if it is owned by a person
24 other than the charitable organization;
- 25 (i) A copy of the letter or other legal document issued by the Internal Revenue
26 Service to grant tax-exempt status;
- 27 (j) A statement signed by the presiding or other responsible officer of the

1 charitable organization attesting that the information submitted in the
2 application is true and correct and that the organization agrees to comply with
3 all applicable laws and administrative regulations regarding charitable
4 gaming;

5 (k) An agreement that the charitable organization's records may be released by
6 the Federal Internal Revenue Service to the office~~[department]~~; and

7 (l) Any other information the office~~[department]~~ deems appropriate.

8 (14) (a) An organization or a group of individuals that does not meet the licensing
9 requirements of subsection (12) of this section may hold a raffle if:

- 10 1. The gross receipts do not exceed five hundred dollars (\$500);
- 11 2. All proceeds from the raffle are distributed to a charitable organization;
- 12 and
- 13 3. The organization or group of individuals holds no more than three (3)
- 14 raffles each year;

15 and shall be exempt from complying with the notification, application, and
16 reporting requirements of subsections (2) and (13) of this section.

17 (b) An organization or a group of individuals that does not meet the licensing
18 requirements of subsection (12) of this section may hold a raffle if:

- 19 1. The organization holds a special event raffle license issued by the
20 office~~[department]~~ and complies with the regulatory requirements in this
21 chapter, including but not limited to the quarterly reporting requirements
22 of KRS 238.550(7), the retention requirements of KRS 238.536, and
23 payment of the fee imposed by KRS 238.570;
- 24 2. The organization possesses a tax-exempt status under 26 U.S.C. sec.
25 501(c)(7);
- 26 3. The organization holds no more than twelve (12) raffles per year;
- 27 4. Each raffle complies with the office's~~[department's]~~ raffle standards in

1 KRS 238.545 and administrative regulations promulgated thereunder
2 and is approved by the office~~[department]~~ in writing prior to the sale of
3 the first raffle ticket;

4 5. The gross receipts of each raffle do not exceed five hundred thousand
5 dollars (\$500,000); and

6 6. One hundred percent (100%) of the net receipts of each raffle shall be
7 distributed to a charitable organization licensed by the
8 office~~[department]~~ pursuant to subsection (12) of this section to conduct
9 charitable gaming as follows:

10 a. All distributed net receipts shall be maintained by the recipient
11 licensed charitable organization in a separate account to be
12 designated as the "raffle recipient account";

13 b. All distributed net receipts shall be expended by the recipient
14 licensed charitable organization to further the charitable purpose of
15 the recipient licensed charitable organization as required by KRS
16 238.550(4); and

17 c. All distributed net receipts, and the expenditure thereof, shall be
18 reported to the office~~[department]~~ and be subject to the
19 office's~~[department's]~~ auditing and investigative authority
20 consistent with the provisions of this chapter.

21 (c) An applicant qualifying under paragraph (b) of this subsection shall submit an
22 application for a special event raffle license, and the information to be
23 submitted shall include but not be limited to the following:

24 1. The name and address of the organization;

25 2. The date of the organization's establishment in the Commonwealth of
26 Kentucky and the date of the organization's establishment in the county
27 or counties in which charitable gaming is to be conducted;

- 1 3. A statement of the purpose or purposes for which the organization was
2 organized and identification of the licensed charitable organization to
3 which the applicant will distribute its net receipts. If the organization is
4 incorporated, a copy of the articles of incorporation shall satisfy this
5 requirement;
- 6 4. A statement explaining the organizational structure and management of
7 the organization. For incorporated entities, a copy of the organization's
8 bylaws shall satisfy this requirement;
- 9 5. The names, addresses, dates of birth, and Social Security numbers of all
10 officers of the organization;
- 11 6. The names, addresses, dates of birth, and Social Security numbers of all
12 employees and members of the organization who will be involved in the
13 management and supervision of charitable gaming. No fewer than two
14 (2) employees or members of the organization who are involved in the
15 management and supervision of charitable gaming, along with the chief
16 executive officer or the director of the applicant organization, shall be
17 designated as chairpersons;
- 18 7. The address of the location at which charitable gaming will be
19 conducted and the name and address of the owner of the property, if it is
20 owned by a person other than the organization;
- 21 8. A copy of the letter or other legal document issued by the Internal
22 Revenue Service to grant tax-exempt status;
- 23 9. A statement signed by the presiding or other responsible officer of the
24 organization attesting that the information submitted in the application is
25 true and correct and that the organization agrees to comply with all
26 applicable laws and administrative regulations regarding charitable
27 gaming;

- 1 10. An agreement that the organization's records may be released by the
2 federal Internal Revenue Service to the office[department]; and
- 3 11. Any other information as determined by the corporation[department]
4 through the promulgation of administrative regulations.
- 5 (15) The office[department] may issue a license for a specified period of time, based on
6 the type of charitable gaming involved and the desired duration of the activity.
- 7 (16) The office[department] shall charge a fee for each license issued and renewed, not
8 to exceed three hundred dollars (\$300). Specific fees to be charged shall be
9 prescribed in a graduated scale promulgated by administrative regulations and
10 based on type of license, type of charitable gaming, actual or projected gross
11 receipts, or other applicable factors, or combination of factors.
- 12 (17) (a) A licensed charitable organization may place its charitable gaming license in
13 escrow if:
- 14 1. The licensee notifies the office[department] in writing that it desires to
15 place its license in escrow; and
- 16 2. The license is in good standing and the office[department] has not
17 initiated disciplinary action against the licensee.
- 18 (b) During the escrow period, the licensee shall not engage in charitable gaming,
19 and the escrow period shall not be included in calculating the licensee's
20 retention rate under KRS 238.536.
- 21 (c) A charitable organization may apply for reinstatement of its active license and
22 the license shall be reinstated provided:
- 23 1. The charitable organization continues to qualify for licensure;
- 24 2. The charitable organization has not engaged in charitable gaming during
25 the escrow period; and
- 26 3. The charitable organization pays a reinstatement fee established by the
27 office[department].

1 ➔Section 21. KRS 238.536 is amended to read as follows:

- 2 (1) The net receipts from charitable gaming retained by a charitable organization for
3 the previous calendar year, provided the charitable organization was licensed at the
4 start of the calendar year, shall be equal to or greater than forty percent (40%) of the
5 adjusted gross receipts of the charitable organization for the same period. A
6 licensed charitable organization shall expend net receipts exclusively for purposes
7 consistent with the charitable, religious, educational, literary, civic, fraternal, or
8 patriotic functions or objectives for which the licensed charitable organization
9 received and maintains federal tax-exempt status, or consistent with its status as a
10 common school, an institution of higher education, or a state college or university.
11 No net receipts shall inure to the benefits or financial gain of an individual. Any
12 charitable organization which permits its license to expire or otherwise lapse shall
13 still be subject to the retention requirement. The following fees and taxes shall be
14 excluded from the calculation of the percentage retained, retroactive to calculations
15 made for calendar year 1999:
- 16 (a) All fees paid to the ~~office~~department during the calendar year;
- 17 (b) Any sales or use taxes levied under KRS Chapter 139 on charitable gaming
18 supplies and equipment that are paid by a licensed charitable organization
19 during the calendar year; and
- 20 (c) Any federal excise taxes levied under 26 U.S.C. secs. 4401 and 4411 and paid
21 by a licensed charitable organization during the calendar year.
- 22 (2) The following actions shall be imposed on a licensed charitable organization that
23 fails to retain the requisite percentage of adjusted gross receipts required in
24 subsection (1) of this section. The calculation of percentages shall be rounded to the
25 nearest tenth of a percent:
- 26 (a) If the percentage retained is between thirty-five percent (35%) and thirty-nine
27 and nine-tenths percent (39.9%), the licensee shall be placed on probation for

1 a period of six (6) months and shall be required to submit to the
2 office[department] an acceptable financial plan detailing corrective actions to
3 be taken by the licensee to achieve the forty percent (40%) threshold by the
4 end of the calendar year in which the probation is imposed;

5 (b) If the percentage retained is between thirty percent (30%) and thirty-four and
6 nine-tenths percent (34.9%), the licensee shall be placed on probation for a
7 period of one (1) year and shall be required to submit to the
8 office[department] a financial plan as described in paragraph (a) of this
9 subsection. The office[department] shall conduct a six (6) month review of the
10 charitable gaming activities of a licensee placed on probation pursuant to this
11 subsection to evaluate the licensee's compliance with its financial plan;

12 (c) If the percentage retained falls between twenty-nine and nine-tenths percent
13 (29.9%) and twenty-five percent (25%), the licensee shall be placed on
14 probation for a period of one (1) year, shall submit to the office[department]
15 an acceptable financial plan as described in paragraph (a) of this subsection,
16 and shall participate in a mandatory training program designed by the
17 office[department]. The office[department] shall conduct a quarterly review
18 of the licensee's activities to evaluate the licensee's compliance with its
19 financial plan and its progress toward achievement of the forty percent (40%)
20 threshold during the probationary period;

21 (d) If the percentage falls below twenty-five percent (25%) or if the licensee fails
22 to attain the forty percent (40%) threshold for a second consecutive calendar
23 year, the licensee shall have its license suspended for a period of one (1) year;
24 and

25 (e) For purposes of paragraphs (a), (b), (c), and (d) of this subsection, periods of
26 probation and suspension shall commence, unless appealed, from the date the
27 office[department] notifies the licensee of its failure to satisfy the retention

1 requirement for the previous calendar year. If a probation or suspension is
2 appealed, the action shall commence on the date final adjudication of the
3 matter is complete.

4 (3) Any licensee that has had its license suspended under the provisions of subsection
5 (2)(d) of this section shall be required to submit to the office~~[department]~~ an
6 acceptable financial plan as described in subsection (2)(a) of this section, upon
7 applying for reinstatement of its license. As a condition of reinstatement, the
8 licensee shall be on probation for a period of one (1) year and shall be subject to
9 quarterly review by the office~~[department]~~ in accordance with subsection (2)(c) of
10 this section.

11 ➔Section 22. KRS 238.540 is amended to read as follows:

12 (1) Charitable gaming shall be conducted by a licensed charitable organization at the
13 location, date, and time which shall be stated on the license. The licensee shall
14 request a change in the date, time, or location of a charitable gaming event by mail,
15 electronic mail, or facsimile transmission, and shall submit a lease and an original
16 signature of an officer. The office~~[department]~~ shall process this request and issue
17 or deny a license within ten (10) days.

18 (2) All premises or facilities on which or in which charitable gaming is conducted shall
19 meet all applicable federal, state, and local code requirements relating to life, safety,
20 and health.

21 (3) A license to conduct charitable gaming shall be prominently displayed on or in the
22 premises where charitable gaming is conducted, in a conspicuous location that is
23 readily accessible to gaming patrons as well as employees of the
24 office~~[department]~~, law enforcement officials, and other interested officials.

25 (4) At least one (1) chairperson who is listed on the application for licensure shall be at
26 each charitable gaming activity conducted by the charitable organization and shall
27 be responsible for the administration and conduct of the charitable gaming activity.

- 1 No person shall serve as chairperson for more than one (1) charitable organization.
2 The chairperson shall be readily identifiable as the chairperson and shall be present
3 on the premises continuously during the charitable gaming activity. Charitable
4 gaming shall be conducted and administered solely by officers, members, and bona
5 fide employees of the licensed charitable organization. Volunteer personnel, who
6 may or may not be members of the licensed charitable organization, may be utilized
7 if each volunteer is readily identifiable as a volunteer. No person engaged in the
8 conduct and administration of charitable gaming shall receive any compensation for
9 services related to the charitable gaming activities, including tipping. No net
10 receipts derived from charitable gaming shall inure to the private benefit or
11 financial gain of any individual. Any effort or attempt to disguise any other type of
12 compensation or private inurement shall be considered an unauthorized diversion of
13 funds and shall be actionable under KRS 238.995.
- 14 (5) No licensed charitable organization shall contract with, or otherwise utilize the
15 services of, any management company, service company, or consultant in managing
16 or conducting any aspect of charitable gaming.
- 17 (6) A licensed charitable organization shall not purchase or lease charitable gaming
18 supplies and equipment from any person not licensed as a distributor in the
19 Commonwealth of Kentucky.
- 20 (7) A licensed charitable organization shall not accept any merchandise prizes donated
21 by any owner, officer, employee, or contractee of a licensed manufacturer,
22 distributor, charitable gaming facility, or any of their affiliates, or any member of
23 their immediate families.
- 24 (8) (a) Each organization's gaming supplies shall be maintained in a location separate
25 from another organization's gaming supplies.
- 26 (b) This location shall also be locked and access shall be controlled.
- 27 (c) Unless otherwise directed by the office~~[department]~~, an organization's

1 supplies and equipment remain the property of the organization regardless of
2 where they are stored and must be accessible to the organization at all
3 reasonable times upon request.

4 (9) Any advertisement of charitable gaming, regardless of the medium used, shall
5 contain the name of the charitable organization conducting the charitable gaming
6 and its license number. An advertisement for a bingo session or sessions shall not
7 advertise a bingo prize in excess of the limitation of five thousand dollars (\$5,000)
8 per twenty-four (24) hour period set forth in KRS 238.545(1).

9 ➔Section 23. KRS 238.545 is amended to read as follows:

10 (1) A licensed charitable organization shall be limited by the following:

11 (a) In the conduct of bingo, to one (1) session per day, two (2) sessions per week,
12 for a period not to exceed five (5) consecutive hours in any day and not to
13 exceed ten (10) total hours per week:

14 1. No licensed charitable organization shall conduct bingo at more than
15 one (1) location during the same twenty-four (24) hour period;

16 2. No licensed charitable organization shall award prizes for bingo that
17 exceed five thousand dollars (\$5,000) in fair market value per twenty-
18 four (24) hour period, including the value of door prizes; and

19 3. No person under the age of eighteen (18) shall be permitted to purchase
20 bingo supplies or play bingo unless he or she is playing for noncash
21 prizes and is accompanied by a parent or legal guardian and only if the
22 value of any noncash prize awarded does not exceed ten dollars (\$10);

23 (b) 1. A licensed charitable organization may provide card-minding devices
24 for use by players of bingo games.

25 2. If a licensed charitable organization offers card-minding devices for use
26 by players, the devices shall be capable of being used in conjunction
27 with bingo cards or paper sheets at all times.

- 1 3. The office~~[department]~~ shall have broad authority to define and regulate
2 the use of card-minding devices and the corporation shall promulgate
3 an administrative regulation concerning use and control of them;
- 4 (c) Charity game tickets shall be sold only at the address of the location
5 designated on the license to conduct charitable gaming;
- 6 (d) Charity game tickets may be sold, with prior approval of the
7 office~~[department]~~;
- 8 1. At any authorized special charity fundraising event conducted by a
9 licensed charitable organization at any off-site location; or
- 10 2. By a licensed charitable organization possessing a special limited
11 charitable gaming license at any off-site location; and
- 12 (e) An automated charity game ticket dispenser may be utilized by a licensed
13 charitable organization, with the prior approval of the office~~[department]~~,
14 only at the address of the location designated on the license to conduct
15 charitable gaming. The corporation~~[department]~~ shall promulgate
16 administrative regulations regulating the use and control of approved
17 automated charity game ticket dispensers.
- 18 (2) (a) No prize for an individual charity game ticket shall exceed five hundred
19 ninety-nine dollars (\$599) in value, not including the value of cumulative or
20 carryover prizes awarded in seal card games.
- 21 (b) Cumulative or carryover prizes in seal card games shall not exceed two
22 thousand four hundred dollars (\$2,400).
- 23 (c) Information concerning rules of the particular game and prizes that are to be
24 awarded in excess of fifty dollars (\$50) in each separate package or series of
25 packages with the same serial number and all rules governing the handling of
26 cumulative or carryover prizes in seal card games shall be posted prominently
27 in an area where charity game tickets are sold. A legible poster that lists prizes

- 1 to be awarded, and on which prizes actually awarded are posted at the
2 completion of the sale of each separate package shall satisfy this requirement.
- 3 (d) Any unclaimed money or prize shall return to the charitable organization.
- 4 (e) No paper charity game ticket shall be sold in the Commonwealth of Kentucky
5 that does not conform to the standards for opacity, randomization, minimum
6 information, winner protection, color, and cutting established by the
7 office~~[department]~~.
- 8 (f) No electronic pulltab device representation of a charity game ticket shall be
9 sold in the Commonwealth of Kentucky that does not conform to the
10 construction standards set forth in an administrative regulation promulgated
11 by the corporation~~[department]~~. Electronic pulltab devices shall only be used
12 for charitable gaming.
- 13 (g) No person under the age of eighteen (18) shall be permitted to purchase, or
14 open in any manner, a charity game ticket.
- 15 (3) (a) Tickets for a raffle shall be sold separately, and each ticket shall constitute a
16 separate and equal chance to win.
- 17 (b) All raffle tickets shall be sold for the price stated on the ticket, and no person
18 shall be required to purchase more than one (1) ticket or to pay for anything
19 other than a ticket to enter a raffle.
- 20 (c) Raffle tickets and tickets for charity fundraising raffle games approved by the
21 office~~[department]~~ which are offered exclusively at charity fundraising events
22 and special limited charity fundraising events are not required to be sold
23 separately and may be sold at discounted package rates.
- 24 (d) Raffle tickets shall have a unique identifier on each ticket.
- 25 (e) Winners shall be drawn at random at a date, time, and place announced in
26 advance or printed on the ticket.
- 27 (f) All prizes for a raffle shall be identified in advance of the drawing and all

1 prizes identified shall be awarded.

2 (4) With respect to charity fundraising events, a licensed charitable organization shall
3 be limited as follows:

4 (a) No licensed charitable organization shall conduct a charity fundraising event
5 or a special limited charity fundraising event unless they have a license for the
6 respective event issued by the office~~[department]~~;

7 (b) No special license shall be required for any wheel game, such as a cake wheel,
8 that awards only noncash prizes the value of which does not exceed one
9 hundred dollars (\$100);

10 (c) The office~~[department]~~ may grant approval for a licensed charitable
11 organization to play bingo games at a charity fundraising event. Cash prizes
12 for bingo games played during a charity fundraising event may not exceed
13 five thousand dollars (\$5,000) for the entire event. No person under the age of
14 eighteen (18) shall be permitted to play bingo at a charity fundraising event
15 unless accompanied by a parent or legal guardian;

16 (d) The office~~[department]~~ may grant approval for a licensed charitable
17 organization to play special limited charitable games at a charity fundraising
18 event authorized under this section. The office~~[department]~~ shall not grant
19 approval for the playing of special limited charitable games under the
20 provisions of a charity fundraising event license unless the proposed event
21 meets the definition of a charity fundraising event held for community, social,
22 or entertainment purposes apart from charitable gaming in accordance with
23 KRS 238.505(8);

24 (e) Except for state, county, city fairs, and special limited charity fundraising
25 events, a charity fundraising event license issued under this section shall not
26 exceed seventy-two (72) consecutive hours. A licensed charitable
27 organization shall not be eligible for more than eight (8) total charity

1 fundraising event licenses per year, including two (2) special limited charity
2 fundraising event licenses. No person under eighteen (18) years of age shall
3 be allowed to play or conduct any special limited charitable game. The
4 office~~[department]~~ shall have broad authority to regulate the conduct of
5 special limited charity fundraising events in accordance with the provisions of
6 KRS 238.547; and

7 (f) Charity fundraising events may be held:

- 8 1. On or in the premises of a licensed charitable organization;
- 9 2. In a licensed charitable gaming facility, subject to restrictions contained
10 in KRS 238.555(7); or
- 11 3. At an unlicensed facility which shall be subject to the requirements
12 stipulated in KRS 238.555(3), and subject to the restrictions contained in
13 KRS 238.547(2).

14 (5) Presentation of false, fraudulent, or altered identification by a minor shall be an
15 affirmative defense in any disciplinary action or prosecution that may result from a
16 violation of age restrictions contained in this section, if the appearance and
17 character of the minor were such that his or her age could not be reasonably
18 ascertained by other means.

19 ➔Section 24. KRS 238.550 is amended to read as follows:

- 20 (1) All adjusted gross receipts from charitable gaming shall be handled only by
21 chairpersons, officers, or employees of the licensed charitable organization.
- 22 (2) Except as authorized by subsection (1) of this section, within two (2) business
23 days after the completion of a charitable gaming event or session, all gross receipts
24 and adjusted gross receipts shall be deposited into one checking account devoted
25 exclusively to charitable gaming. This checking account shall be designated the
26 "charitable gaming account," and the licensed charitable organization shall maintain
27 its account at a financial institution located in the Commonwealth of Kentucky. No

- 1 other funds may be deposited or transferred into the charitable gaming account.
- 2 (3) All payments for charitable gaming expenses, payments made for prizes purchased,
3 and any charitable donations from charitable gaming receipts shall be made from
4 the charitable gaming account and the payments or donations shall be made only by
5 bona fide officers of the organization by checks having preprinted consecutive
6 numbers and made payable to specific persons or organizations. No check drawn on
7 the charitable gaming account may be made payable to "cash," or "bearer," except
8 that a licensed charitable organization may withdraw start-up funds for a charitable
9 gaming event or session from the charitable gaming account by check made payable
10 to "cash" or "bearer," if these start-up funds are redeposited into the charitable
11 gaming account together with all adjusted gross receipts derived from the particular
12 event or session. Checks shall be imprinted with the words "charitable gaming
13 account" and shall contain the organization's license number on the face of each
14 check. Payments for charitable gaming expenses, prizes purchased, and charitable
15 donations may be made by electronic funds transfer if the payments are made to
16 specific persons or organizations. The corporation~~[department]~~ may by
17 administrative regulation adopt alternative reporting requirements for charitable
18 gaming of limited scope or duration, if these requirements are sufficient to ensure
19 accountability for all moneys handled.
- 20 (4) A licensed charitable organization shall expend net receipts exclusively for
21 purposes consistent with the charitable, religious, educational, literary, civic,
22 fraternal, or patriotic functions or objectives for which the licensed charitable
23 organization received and maintains federal tax-exempt status, or consistent with its
24 status as a common school, an institution of higher education, or a state college or
25 university. No net receipts shall inure to the private benefit or financial gain of any
26 individual.
- 27 (5) Accurate records and books shall be maintained by each organization exempt from

1 licensure under KRS 238.535(1) and each licensed charitable organization for a
2 period of three (3) years. Office~~[Department]~~ staff shall have access to these
3 records at reasonable times. Licensed charitable organizations and exempt
4 organizations shall maintain their charitable gaming records at their offices or
5 places of business within the Commonwealth of Kentucky as identified in their
6 license applications or applications for exempt status. An exempt organization shall
7 submit a yearly financial report in accordance with KRS 238.535(2), and failure to
8 file this report shall constitute grounds for revocation of the organization's exempt
9 status.

10 (6) All licensed charitable organizations that have annual gross receipts of two hundred
11 thousand dollars (\$200,000) or less and do not have a weekly bingo session shall
12 report to the office~~[department]~~ annually at the time and on a form established in
13 administrative regulations promulgated by the corporation~~[department]~~.

14 (7) All other licensed charitable organizations shall submit reports to the
15 office~~[department]~~ at least quarterly at the time and on a form established in
16 administrative regulations promulgated by the corporation~~[department]~~.

17 (8) Failure by a licensed charitable organization to file reports required under this
18 chapter shall constitute grounds for revocation of the organization's license or
19 denial of the organization's application to renew its license in accordance with KRS
20 238.560(3). Reports filed by a licensed charitable organization shall include but
21 shall not be limited to the following information:

- 22 (a) All gross receipts received from charitable gaming for the reporting period,
23 classified by type of gaming activity;
- 24 (b) The names and addresses of all persons who are winners of prizes having a
25 fair market value of six hundred dollars (\$600) or more;
- 26 (c) All expenses paid and the names and addresses of all persons to whom
27 expenses were paid;

- 1 (d) All net receipts retained and the names and addresses of all charitable
2 endeavors that received money from the net receipts; and
- 3 (e) Any other information the office~~[department]~~ deems appropriate.
- 4 (9) No licensed charitable organization shall incur charitable gaming expenses, except
5 as provided in this chapter. No licensed charitable organization shall be permitted to
6 expend amounts in excess of prevailing market rates for the following charitable
7 gaming expenses:
- 8 (a) Charitable gaming supplies and equipment;
- 9 (b) Rent;
- 10 (c) Utilities;
- 11 (d) Insurance;
- 12 (e) Advertising;
- 13 (f) Janitorial services;
- 14 (g) Bookkeeping and accounting services;
- 15 (h) Security services;
- 16 (i) Membership dues for its participation in any charitable gaming trade
17 organization; and
- 18 (j) Any other expenses the corporation~~[department]~~ may determine by
19 administrative regulation to be legitimate.
- 20 (10) No licensed charitable organization shall expend receipts from charitable gaming
21 activities nor incur expenses to form, maintain, or operate as a labor organization.
- 22 (11) For the purposes of deposits under subsection (2) of this section, a licensed
23 charitable organization conducting charitable gaming events or sessions shall only
24 be required to deposit its gross receipts and adjusted gross receipts one (1) time per
25 week if the following conditions are met:
- 26 (a) The charitable gaming involves only games using charity game tickets;
- 27 (b) The charitable gaming is not part of a charity fundraising event; and

1 (c) The licensed charitable organization's deposits of gross receipts and adjusted
2 gross receipts from charitable gaming total less than two thousand five
3 hundred dollars (\$2,500) in the week prior to the deposit.

4 ➔Section 25. KRS 238.555 is amended to read as follows:

5 (1) (a) No person or organization shall operate a charitable gaming facility unless the
6 person or organization is licensed under the provisions of this chapter, except
7 that facilities that are utilized by two (2) or fewer charitable organizations for
8 the purpose of conducting charitable gaming, and facilities that only host
9 charity fundraising events, shall be exempt from licensure.

10 (b) The ~~office~~department shall charge a license fee not to exceed two thousand
11 five hundred dollars (\$2,500). Specific license fees to be charged shall be:

- 12 1. Prescribed in a graduated scale promulgated by administrative
13 regulation; and
14 2. Based on the number of sessions which the facility holds per week or
15 other applicable factors or combination of factors.

16 (c) Charitable gaming may be conducted in a charitable gaming facility only by a
17 licensed charitable organization in accordance with the provisions of this
18 chapter.

19 (2) In the application process, an applicant for a charitable gaming facility license shall
20 submit the following information:

- 21 (a) The address of the facility;
22 (b) A description of the facility to include square footage of the gaming area,
23 capacity levels, and available parking;
24 (c) The names, addresses, dates of birth, and Social Security numbers of all
25 individuals employed by or contracted with the applicant to manage the
26 facility or provide other authorized services;
27 (d) The name, address, date of birth, and Social Security number of any

1 individual who has a ten percent (10%) or greater financial interest in the
2 facility;

3 (e) A copy of the lease agreement used by the applicant; and

4 (f) Any other information the office~~[department]~~ deems appropriate.

5 (3) No owner, officer, employee, or contractee of a licensed charitable gaming facility
6 or an affiliate, or any member of the immediate family of any officer, employee, or
7 contractee of a licensed charitable gaming facility or an affiliate shall, concerning a
8 lessee:

9 (a) Manage or otherwise be involved in the conduct of charitable gaming;

10 (b) Provide bookkeeping or other accounting services related to the conduct of
11 charitable gaming;

12 (c) Handle any moneys generated in the conduct of charitable gaming;

13 (d) Advise a licensed charitable organization on the expenditure of net receipts;

14 (e) Provide transportation services in any manner to patrons of a charitable
15 gaming activity;

16 (f) Provide advertisement or marketing services in any manner to a licensed
17 charitable organization;

18 (g) Provide, coordinate, or solicit the services of personnel or volunteers in any
19 manner;

20 (h) Influence or require a licensed charitable organization to use a certain
21 distributor or any particular gaming supplies; or

22 (i) Donate or give any prize to be awarded in the conduct of charitable gaming.

23 (4) A licensed charitable gaming facility shall execute a lease agreement with each
24 licensed charitable organization that desires to conduct charitable gaming at the
25 facility. The amount of rent, goods, and services charged shall be reasonable and
26 shall be based on prevailing market values in the general locality for the goods and
27 services to be provided. The amount charged to rent a charitable gaming facility,

1 whether the facility is licensed or unlicensed, shall not be based in whole or in part
2 on a percentage of gross receipts, net proceeds derived from the conduct of
3 charitable gaming, or by reference to the number of people in attendance. A
4 licensed charitable gaming facility shall file a copy of each signed lease agreement
5 with the office~~[department]~~.

6 (5) The number of bingo sessions conducted at a charitable gaming facility shall be
7 limited to the following:

8 (a) No more than eighteen (18) sessions per week if the charitable gaming facility
9 is located in one (1) of the following:

- 10 1. A city containing a population equal to or greater than twenty thousand
11 (20,000) based upon the most recent federal decennial census;
- 12 2. An urban-county government;
- 13 3. A consolidated local government;
- 14 4. A charter county government; or
- 15 5. A county containing a city of the first class or a city containing a
16 population equal to or greater than twenty thousand (20,000) based upon
17 the most recent federal decennial census; or

18 (b) No more than eight (8) sessions per week if the charitable gaming facility is
19 located in a city other than those listed in paragraph (a) of this subsection, or
20 in a county that does not contain a city that is listed in paragraph (a) of this
21 subsection.

22 (6) A licensed charitable gaming facility shall report at least quarterly to the
23 office~~[department]~~ and shall provide any information concerning its operation that
24 the office~~[department]~~ may require.

25 (7) A charity fundraising event at which special limited charitable games are played
26 may be conducted at a licensed charitable gaming facility, but no licensed
27 charitable gaming facility shall be permitted to hold more than one (1) such event

1 per week or more than seven (7) per year.

2 (8) A licensed charitable gaming facility shall conspicuously display a sign bearing the
3 name and the license number of the charitable organization that is conducting
4 charitable gaming activities in the facility.

5 (9) The license to operate the charitable gaming facility shall be prominently displayed
6 on or in the premises where charitable gaming activity is being conducted, in a
7 conspicuous location that is readily accessible to gaming patrons as well as
8 employees of the office~~[department]~~, law enforcement officials, and other interested
9 officials.

10 ➔Section 26. KRS 238.560 is amended to read as follows:

11 (1) The office~~[department]~~ may investigate allegations of wrongdoing upon complaint
12 or upon its own volition. The corporation~~[department]~~ by administrative regulation
13 shall establish procedures for receiving and investigating complaints in an
14 expeditious manner.

15 (2) In carrying out its enforcement responsibilities, the office~~[department]~~ may:

16 (a) Inspect and examine all premises in which or on which charitable gaming is
17 conducted or charitable gaming supplies or equipment are manufactured or
18 distributed;

19 (b) Seize and remove from premises and impound charitable gaming supplies and
20 equipment for the purposes of examination and inspection pursuant to an
21 appropriate court order;

22 (c) Demand access to, inspect, and audit books and records of licensees for the
23 purpose of determining compliance with laws and administrative regulations
24 relative to charitable gaming; and

25 (d) Conduct in-depth audits and investigations, when warranted.

26 (3) (a) As used in this subsection, "willful" means that the conduct constituting the
27 violation was committed with intent, not accidentally or inadvertently.

1 (b) The office~~[department]~~ may take appropriate administrative action against any
2 person licensed under this chapter for any violation of the provisions of this
3 chapter or administrative regulations promulgated thereunder subject to the
4 conditions established by this subsection.

5 (c) The office~~[department]~~ may deny a license, suspend or revoke a license, issue
6 a cease and desist order, place a license holder on probation, issue a letter of
7 reprimand or letter of warning, and levy a fine. An administrative fine shall
8 not exceed one thousand dollars (\$1,000) for each offense. The
9 office~~[department]~~ may deny the issuance of a license or a license renewal if
10 the applicant or licensee has failed to pay a fine levied by the
11 office~~[department]~~. The corporation~~[department]~~ shall by administrative
12 regulation classify types of offenses and the recommended administrative
13 action. The type of action to be taken shall be based on the history of previous
14 violations and the nature, severity, and frequency of the offense.
15 Administrative action authorized in this section shall be in addition to any
16 criminal penalties provided in this chapter or under other provisions of law.

17 (d) 1. Notwithstanding any other provisions of this section, the
18 office~~[department]~~ shall review, within two (2) months of receipt, timely
19 filed organization quarterly reports that include payment of the fee due
20 as reflected on the organization quarterly report. If the
21 office~~[department]~~ discovers reporting errors that are not willful, the
22 office~~[department]~~ shall, prior to taking any other administrative action,
23 issue a letter of warning to the licensee and allow the licensee thirty (30)
24 days from the issuance of the letter to correct the identified violation.
25 The purpose of this subparagraph is for the office~~[department]~~ to
26 identify correctable reporting errors in a timely manner, and to notify the
27 licensee of the errors prior to the due date of the next organization

1 quarterly report so that the errors are corrected and are not repeated in
2 subsequent organization quarterly reports.

3 2. A review conducted under subparagraph 1. of this paragraph shall not be
4 considered an audit or final review and acceptance of an organization
5 quarterly report and payment. The office~~[department]~~ shall have four (4)
6 years from the date of filing to fully audit and review an organization
7 quarterly report, and may pursue administrative actions against the
8 licensee related to an organization quarterly report or the information
9 reported on an organization quarterly report within the four (4) year
10 period if violations or errors that are not willful are discovered. This
11 subparagraph shall not be construed to require records that are not
12 needed to audit or review an organization quarterly report to be kept
13 longer than is required elsewhere in this chapter or in any related
14 administrative regulations.

15 3. Notwithstanding the provisions of subparagraph 2. of this paragraph, for
16 a violation that is determined to be willful, the office~~[department]~~ may
17 pursue the administrative actions authorized by this section at any time.

18 4. A letter of warning issued under this section shall:
19 a. Identify the violation;
20 b. Describe the corrective action necessary;
21 c. Identify the administrative actions that can be taken if the violation
22 is not addressed; and
23 d. Provide that the person shall have thirty (30) days to correct the
24 action leading to the violation.

25 (4) The office~~[department]~~ may reinstate a license that has been revoked at any time
26 after two (2) years from the date of revocation. A license may be reinstated only
27 upon a finding that the violations for which the license was revoked have been

1 corrected.

2 (5) All departments, divisions, boards, agencies, officers, and institutions of the
3 Commonwealth of Kentucky and all subdivisions thereof, in particular local law
4 enforcement entities, shall cooperate with the office~~[department]~~ in carrying out its
5 enforcement responsibilities.

6 (6) The office~~[department]~~ shall report any activity or action which would constitute a
7 criminal offense to the appropriate authorities in the county where the activity or
8 action occurred and to the Attorney General.

9 (7) All administrative actions taken under this section shall be subject to the final
10 order of the board.

11 ➔Section 27. KRS 238.565 is amended to read as follows:

12 (1) A license holder may appeal any administrative action taken under KRS 238.560. A
13 license holder shall be notified in writing of any action to be taken against him or
14 her. The notification may be delivered in person or mailed by certified mail, return
15 receipt requested, to the last known address of the license holder. Service of
16 notification of administrative action, whether by hand delivery or by certified mail,
17 shall be deemed complete if the license holder fails or refuses to accept delivery.
18 For service by hand delivery, notification shall be deemed received upon
19 acceptance of delivery or upon failure or refusal to accept delivery, and the person
20 affecting service on behalf of the office~~[department]~~ shall record the fact of the
21 failure or refusal. For service by certified mail, the notification of administrative
22 action shall be deemed received when the license holder accepts delivery or fails or
23 refuses to accept delivery at the last known address. The notification shall specify
24 the charges against the license holder, specify the proposed administrative sanction,
25 and advise the license holder~~[him]~~ of the~~[his]~~ right to appeal the decision within
26 ten (10) days of the date of receipt of the notification.

27 (2) Upon receipt of an appeal, the board~~[department]~~ shall schedule the matter for an

1 administrative hearing that shall be conducted in accordance with KRS Chapter
2 13B.

3 (3) Any provisions of KRS Chapter 13B notwithstanding, within twenty (20) days after
4 the conclusion of a hearing, the hearing officer shall prepare and present to the
5 board~~commissioner~~ a recommended order based on findings of fact and
6 conclusions of law. Within thirty (30) days of receipt of the recommended order,
7 the board~~commissioner~~ shall affirm, reject, or modify, in whole or in part, the
8 recommended order and shall issue a final order. The final order shall be the final
9 administrative action on the matter and a copy of the final order shall be mailed to
10 the license holder, by certified mail, return receipt requested.

11 (4) Pursuant to KRS 13B.120(7), the board shall automatically hear and issue a final
12 order regarding any decision of the office that would otherwise be subject to
13 appeal.

14 (5) Any administrative action taken under this section shall, upon appeal, be stayed
15 until a final order is issued, with the exception of a summary suspension. The
16 board~~department~~ may issue an emergency order pursuant to KRS 13B.125 to
17 summarily suspend a license upon finding that continued operation of the license
18 holder pending a hearing would constitute a threat to the public health, safety, or
19 welfare.

20 (6)~~(5)~~ A final order of the board~~commissioner~~ may be appealed to the~~the~~ Franklin
21 Circuit Court of the county where the appellant works or resides in accordance
22 with KRS Chapter 13B. If the license holder against whom administrative action is
23 proposed does not request an appeal of the action, the board~~department~~ shall enter
24 a final order imposing the proposed administrative action.

25 ➔Section 28. KRS 238.570 is amended to read as follows:

26 (1) A fee is imposed on charitable gaming in the amount of fifty-three hundredths of
27 one percent (0.53%) of gross receipts derived from all charitable gaming conducted

1 by charitable organizations required to be licensed in the Commonwealth of
2 Kentucky. The amount of the fee shall be adjusted by October 1 of each odd-
3 numbered year in accordance with subsection (3) of this section. Each licensed
4 charitable organization shall remit to the office~~[department]~~ all moneys due as set
5 forth in administrative regulations promulgated by the corporation~~[department]~~.
6 Failure by a licensed charitable organization to timely remit the fee required under
7 this subsection upon notice of delinquency shall constitute grounds for disciplinary
8 action in accordance with KRS 238.560.

9 (2) The charitable gaming regulatory account is hereby created as a revolving account
10 within the agency revenue fund and under the control of the Kentucky Horse
11 Racing and Gaming Corporation~~[Public Protection Cabinet]~~. All revenues
12 generated from the fee levied in subsection (1) of this section from license fees and
13 from administrative fines imposed by the office~~[department]~~ shall be deposited in
14 this account. Fund amounts attributable to the fee levied in subsection (1) of this
15 section that are not expended at the close of a fiscal year shall not lapse but shall be
16 carried forward to the next fiscal year.

17 (3) (a) No later than July 31 of each odd-numbered year, the Kentucky Horse Racing
18 and Gaming Corporation~~[Public Protection Cabinet]~~ shall determine:

- 19 1. The amount of gross receipts during the prior biennium against which
20 the fee collected under subsection (1) of this section was assessed; and
- 21 2. The final budgeted amount as determined by the enacted budget for the
22 upcoming biennium for the administration and enforcement of the
23 provisions of this chapter. If a budget is not enacted, the amount shall be
24 the corresponding amount in the last enacted budget.

25 (b) On October 1 of each odd-numbered year, the fee assessed under subsection
26 (1) of this section shall be proportionally adjusted by the Kentucky Horse
27 Racing and Gaming Corporation~~[Public Protection Cabinet]~~. The new rate

1 shall be calculated by multiplying one hundred ten percent (110%) by the
2 amount determined in paragraph (a)2. of this subsection, and subtracting from
3 that amount one-half (1/2) of any remaining balance in the account. The total
4 shall then be divided by the amount determined in paragraph (a)1. of this
5 subsection. The result shall be expressed as a percentage and shall be rounded
6 to the nearest thousandth of a percent (0.000%).

7 ➔Section 29. KRS 11A.010 is amended to read as follows:

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

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

- 1 (6) "Income" means any money or thing of value received or to be received as a claim
2 on future services, whether in the form of a fee, salary, expense allowance,
3 forbearance, forgiveness, interest, dividend, royalty, rent, capital gain, or any other
4 form of compensation or any combination thereof;
- 5 (7) "Officer" means:
- 6 (a) All major management personnel in the executive branch of state government,
7 including the secretary of the cabinet, the Governor's chief executive officers,
8 cabinet secretaries, deputy cabinet secretaries, general counsels,
9 commissioners, deputy commissioners, executive directors, executive
10 assistants, policy advisors, special assistants, administrative coordinators,
11 executive advisors, staff assistants, and division directors;
- 12 (b) Members and full-time chief administrative officers of:
- 13 1. The Parole Board;
- 14 2. Office of Claims and Appeals;
- 15 3. Board of Tax Appeals;
- 16 4. Board of Claims;
- 17 5. Crime Victims Compensation Board;
- 18 6. Kentucky Retirement Systems board of trustees;
- 19 7. Kentucky Teachers' Retirement System board of trustees;
- 20 8. The Kentucky Public Employees Deferred Compensation Authority
21 board of trustees;
- 22 9. Public Service Commission;
- 23 10. Worker's Compensation Board and its administrative law judges;
- 24 11. The Kentucky Occupational Safety and Health Review Commission;
- 25 12. The Kentucky Board of Education;
- 26 13. The Council on Postsecondary Education;
- 27 14. County Employees Retirement System board of trustees;

- 1 15. Kentucky Public Pensions Authority; and
- 2 16. The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~;
- 3 (c) Salaried members of executive branch boards and commissions; and
- 4 (d) Any person who, through a personal service contract or any other contractual
- 5 employment arrangement with an agency, performs on a full-time,
- 6 nonseasonal basis a function of any major management position listed in this
- 7 subsection;
- 8 (8) "Official duty" means any responsibility imposed on a public servant by virtue of
- 9 his or her position in the state service;
- 10 (9) "Public servant" means:
- 11 (a) The Governor;
- 12 (b) The Lieutenant Governor;
- 13 (c) The Secretary of State;
- 14 (d) The Attorney General;
- 15 (e) The Treasurer;
- 16 (f) The Commissioner of Agriculture;
- 17 (g) The Auditor of Public Accounts;
- 18 (h) All employees in the executive branch including officers as defined in
- 19 subsection (7) of this section and merit employees; and
- 20 (i) Any person who, through any contractual arrangement with an agency, is
- 21 employed to perform a function of a position within an executive branch
- 22 agency on a full-time, nonseasonal basis;
- 23 (10) "Agency" means every state office, cabinet, department, board, commission, public
- 24 corporation, or authority in the executive branch of state government. A public
- 25 servant is employed by the agency by which his or her appointing authority is
- 26 employed, unless his or her agency is attached to the appointing authority's agency
- 27 for administrative purposes only, or unless the agency's characteristics are of a

- 1 separate independent nature distinct from the appointing authority and it is
2 considered an agency on its own, such as an independent department;
- 3 (11) "Lobbyist" means any person employed as a legislative agent as defined in KRS
4 6.611(23) or any person employed as an executive agency lobbyist as defined in
5 KRS 11A.201(9);
- 6 (12) "Lobbyist's principal" means the entity in whose behalf the lobbyist promotes,
7 opposes, or acts;
- 8 (13) "Candidate" means those persons who have officially filed candidacy papers or who
9 have been nominated by their political party pursuant to KRS 118.105, 118.115,
10 118.325, or 118.760 for any of the offices enumerated in subsections (9)(a) to (g) of
11 this section;
- 12 (14) "Does business with" or "doing business with" means contracting, entering into an
13 agreement, leasing, or otherwise exchanging services or goods with a state agency
14 in return for payment by the state, including accepting a grant, but not including
15 accepting a state entitlement fund disbursement;
- 16 (15) "Public agency" means any governmental entity;
- 17 (16) "Appointing authority" means the agency head or any person whom he or she has
18 authorized by law to act on behalf of the agency with respect to employee
19 appointments;
- 20 (17) "Represent" means to attend an agency proceeding, write a letter, or communicate
21 with an employee of an agency on behalf of someone else;
- 22 (18) "Directly involved" means to work on personally or to supervise someone who
23 works on personally;
- 24 (19) "Sporting event" means any professional or amateur sport, athletic game, contest,
25 event, or race involving machines, persons, or animals, for which admission tickets
26 are offered for sale and that is viewed by the public;
- 27 (20) "Person" means an individual, proprietorship, firm, partnership, limited partnership,

1 joint venture, joint stock company, syndicate, business or statutory trust, donative
2 trust, estate, company, corporation, limited liability company, association, club,
3 committee, organization, or group of persons acting in concert; and

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

7 ➔Section 30. KRS 11A.040 is amended to read as follows:

8 (1) A public servant, in order to further his or her own economic interests, or those of
9 any other person, shall not knowingly disclose or use confidential information
10 acquired in the course of his or her official duties.

11 (2) A public servant shall not knowingly receive, directly or indirectly, any interest or
12 profit arising from the use or loan of public funds in his or her hands or to be raised
13 through any state agency.

14 (3) A public servant shall not knowingly act as a representative or agent for the
15 Commonwealth or any agency in the transaction of any business or regulatory
16 action with himself or herself, or with any business in which he or she or a member
17 of his or her family has any interest greater than five percent (5%) of the total value
18 thereof.

19 (4) A public servant shall not knowingly himself or herself or through any business in
20 which he or she owns or controls an interest of more than five percent (5%), or by
21 any other person for his or her use or benefit or on his or her account, undertake,
22 execute, hold, bid on, negotiate, or enjoy, in whole or in part, any contract,
23 agreement, lease, sale, or purchase made, entered into, awarded, or granted by the
24 agency by which he or she is employed or which he or she supervises, subject to the
25 provisions of KRS 45A.340. This provision shall not apply to:

26 (a) A contract, purchase, or good faith negotiation made pursuant to KRS Chapter
27 416 relating to eminent domain; or

- 1 (b) Agreements which may directly or indirectly involve public funds disbursed
2 through entitlement programs; or
- 3 (c) A public servant's spouse or child doing business with any state agency other
4 than the agency by which the public servant is employed or which he
5 supervises; or
- 6 (d) Purchases from a state agency that are available on the same terms to the
7 general public or that are made at public auction; or
- 8 (e) Sales of craft items to a state park by interim state employees designated as
9 craftspersons under KRS 148.257.
- 10 (5) A public servant shall not knowingly accept compensation, other than that provided
11 by law for public servants, for performance of his or her official duties without the
12 prior approval of the commission.
- 13 (6) A former officer or public servant listed in KRS 11A.010(9)(a) to (g) shall not,
14 within one (1) year of termination of his or her employment, knowingly by himself
15 or herself or through any business in which he or she owns or controls an interest of
16 at least five percent (5%), or by any other person for his or her use or benefit or on
17 his or her account, undertake, execute, hold, bid on, negotiate, or enjoy, in whole or
18 in part, any contract, agreement, lease, sale, or purchase made, entered into,
19 awarded, or granted by the agency by which he or she was employed. This
20 provision shall not apply to a contract, purchase, or good-faith negotiation made
21 under KRS Chapter 416 relating to eminent domain or to agreements that may
22 directly or indirectly involve public funds disbursed through entitlement programs.
23 This provision shall not apply to purchases from a state agency that are available on
24 the same terms to the general public or that are made at public auction. This
25 provision shall not apply to former officers of the Department of Public Advocacy
26 whose continued representation of clients is necessary in order to prevent an
27 adverse effect on the client.

- 1 (7) A present or former officer or public servant listed in KRS 11A.010(9)(a) to (g)
2 shall not, within one (1) year following termination of his or her office or
3 employment, accept employment, compensation, or other economic benefit from
4 any person or business that contracts or does business with, or is regulated by, the
5 state in matters in which he or she was directly involved during the last thirty-six
6 (36) months of his or her tenure. This provision shall not prohibit an individual
7 from returning to the same business, firm, occupation, or profession in which he or
8 she was involved prior to taking office or beginning his or her term of employment,
9 or for which he or she received, prior to his or her state employment, a professional
10 degree or license, provided that, for a period of one (1) year, he or she personally
11 refrains from working on any matter in which he or she was directly involved
12 during the last thirty-six (36) months of his or her tenure in state government. This
13 subsection shall not prohibit the performance of ministerial functions, including but
14 not limited to filing tax returns, filing applications for permits or licenses, or filing
15 incorporation papers, nor shall it prohibit the former officer or public servant from
16 receiving public funds disbursed through entitlement programs.
- 17 (8) A former public servant shall not act as a lobbyist or lobbyist's principal in matters
18 in which he or she was directly involved during the last thirty-six (36) months of his
19 or her tenure for a period of one (1) year after the latter of:
20 (a) The date of leaving office or termination of employment; or
21 (b) The date the term of office expires to which the public servant was elected.
- 22 (9) A former public servant shall not represent a person or business before a state
23 agency in a matter in which the former public servant was directly involved during
24 the last thirty-six (36) months of his or her tenure, for a period of one (1) year after
25 the latter of:
26 (a) The date of leaving office or termination of employment; or
27 (b) The date the term of office expires to which the public servant was elected.

- 1 (10) Without the approval of his appointing authority, a public servant shall not accept
2 outside employment from any person or business that does business with or is
3 regulated by the state agency for which the public servant works or which he or she
4 supervises, unless the outside employer's relationship with the state agency is
5 limited to the receipt of entitlement funds.
- 6 (a) The appointing authority shall review administrative regulations established
7 under KRS Chapter 11A when deciding whether to approve outside
8 employment for a public servant.
- 9 (b) The appointing authority shall not approve outside employment for a public
10 servant if the public servant is involved in decision-making or
11 recommendations concerning the person or business from which the public
12 servant seeks outside employment or compensation.
- 13 (c) The appointing authority, if applicable, shall file quarterly with the Executive
14 Branch Ethics Commission a list of all employees who have been approved
15 for outside employment along with the name of the outside employer of each.
- 16 (11) The prohibitions imposed by subsection (5) or (10) of this section shall not apply to
17 Professional Golfers' Association class A members who teach golf lessons and
18 receive a fee or lesson charge at golf courses owned and operated by the Kentucky
19 Department of Parks. Instruction provided by an employee of the Commonwealth
20 shall only be given while the employee is on his or her own personal time. The
21 commissioner of the Department of Parks shall promulgate administrative
22 regulations to establish guidelines for the process by which Professional Golfers'
23 Association class A members are approved to teach golf lessons at Kentucky
24 Department of Parks-owned golf courses. The exception granted by this subsection
25 is in recognition of the benefits that will accrue to the Kentucky Department of
26 Parks due to increased participation at state-owned golf courses.
- 27 (12) The prohibitions imposed by subsections (6) to (10) of this section shall not apply

1 to members of the Kentucky Horse Racing and Gaming
2 Corporation[Commission].

3 ➔Section 31. KRS 12.020 (Effective between July 1, 2024, and July 1, 2025) is
4 amended to read as follows:

5 Departments, program cabinets and their departments, and the respective major
6 administrative bodies that they include are enumerated in this section. It is not intended
7 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
8 bureau, interstate compact, commission, committee, conference, council, office, or any
9 other form of organization shall be included in or attached to the department or program
10 cabinet in which they are included or to which they are attached by statute or statutorily
11 authorized executive order; except in the case of the Personnel Board and where the
12 attached department or administrative body is headed by a constitutionally elected
13 officer, the attachment shall be solely for the purpose of dissemination of information and
14 coordination of activities and shall not include any authority over the functions,
15 personnel, funds, equipment, facilities, or records of the department or administrative
16 body.

17 I. Cabinet for General Government - Departments headed by elected officers:

- 18 (1) The Governor.
19 (2) Lieutenant Governor.
20 (3) Department of State.
21 (a) Secretary of State.
22 (b) Board of Elections.
23 (c) Registry of Election Finance.
24 (4) Department of Law.
25 (a) Attorney General.
26 (5) Department of the Treasury.
27 (a) Treasurer.

- 1 (6) Department of Agriculture.
- 2 (a) Commissioner of Agriculture.
- 3 (b) Agricultural Development Board.
- 4 (c) Kentucky Agricultural Finance Corporation.
- 5 (7) Auditor of Public Accounts.
- 6 (a) Commonwealth Office of the Ombudsman.
- 7 II. Program cabinets headed by appointed officers:
- 8 (1) Justice and Public Safety Cabinet:
- 9 (a) Department of Kentucky State Police.
- 10 1. Office of Administrative Services.
- 11 a. Division of Operational Support.
- 12 b. Division of Management Services.
- 13 2. Office of Operations.
- 14 a. Division of West Troops.
- 15 b. Division of East Troops.
- 16 c. Division of Special Enforcement.
- 17 d. Division of Commercial Vehicle Enforcement.
- 18 3. Office of Technical Services.
- 19 a. Division of Forensic Sciences.
- 20 b. Division of Electronic Services.
- 21 c. Division of Records Management.
- 22 (b) Department of Criminal Justice Training.
- 23 (c) Department of Corrections.
- 24 (d) Department of Juvenile Justice.
- 25 (e) Office of the Secretary.
- 26 (f) Office of Drug Control Policy.
- 27 (g) Office of Legal Services.

- 1 (h) Office of the Kentucky State Medical Examiner.
- 2 (i) Parole Board.
- 3 (j) Kentucky State Corrections Commission.
- 4 (k) Office of Legislative and Intergovernmental Services.
- 5 (l) Office of Human Resource Management.
 - 6 1. Division of Human Resource Administration.
 - 7 2. Division of Employee Management.
- 8 (m) Department of Public Advocacy.
- 9 (n) Office of Communications.
 - 10 1. Information Technology Services Division.
- 11 (o) Office of Financial Management Services.
 - 12 1. Division of Financial Management.
- 13 (p) Grants Management Division.
- 14 (2) Energy and Environment Cabinet:
 - 15 (a) Office of the Secretary.
 - 16 1. Office of Legislative and Intergovernmental Affairs.
 - 17 2. Office of Legal Services.
 - 18 a. Legal Division I.
 - 19 b. Legal Division II.
 - 20 3. Office of Administrative Hearings.
 - 21 4. Office of Communication.
 - 22 5. Mine Safety Review Commission.
 - 23 6. Office of Kentucky Nature Preserves.
 - 24 7. Kentucky Public Service Commission.
 - 25 (b) Department for Environmental Protection.
 - 26 1. Office of the Commissioner.
 - 27 2. Division for Air Quality.

- 1 3. Division of Water.
- 2 4. Division of Environmental Program Support.
- 3 5. Division of Waste Management.
- 4 6. Division of Enforcement.
- 5 7. Division of Compliance Assistance.
- 6 (c) Department for Natural Resources.
- 7 1. Office of the Commissioner.
- 8 2. Division of Mine Permits.
- 9 3. Division of Mine Reclamation and Enforcement.
- 10 4. Division of Abandoned Mine Lands.
- 11 5. Division of Oil and Gas.
- 12 6. Division of Mine Safety.
- 13 7. Division of Forestry.
- 14 8. Division of Conservation.
- 15 9. Office of the Reclamation Guaranty Fund.
- 16 (d) Office of Energy Policy.
- 17 1. Division of Energy Assistance.
- 18 (e) Office of Administrative Services.
- 19 1. Division of Human Resources Management.
- 20 2. Division of Financial Management.
- 21 3. Division of Information Services.
- 22 (3) Public Protection Cabinet.
- 23 (a) Office of the Secretary.
- 24 1. Office of Communications and Public Outreach.
- 25 2. Office of Legal Services.
- 26 a. Insurance Legal Division.
- 27 b. Charitable Gaming Legal Division.

- 1 c. Alcoholic Beverage Control Legal Division.
- 2 d. Housing, Buildings and Construction Legal Division.
- 3 e. Financial Institutions Legal Division.
- 4 f. Professional Licensing Legal Division.
- 5 3. Office of Administrative Hearings.
- 6 4. Office of Administrative Services.
- 7 a. Division of Human Resources.
- 8 b. Division of Fiscal Responsibility.
- 9 (b) Office of Claims and Appeals.
- 10 1. Board of Tax Appeals.
- 11 2. Board of Claims.
- 12 3. Crime Victims Compensation Board.
- 13 (c) Kentucky Boxing and Wrestling Commission.
- 14 (d) ~~Kentucky Horse Racing Commission.~~
- 15 1. ~~Office of Executive Director.~~
- 16 a. ~~Division of Pari-mutuel Wagering and Compliance.~~
- 17 b. ~~Division of Stewards.~~
- 18 c. ~~Division of Licensing.~~
- 19 d. ~~Division of Enforcement.~~
- 20 e. ~~Division of Incentives and Development.~~
- 21 f. ~~Division of Veterinary Services.~~
- 22 (e) Department of Alcoholic Beverage Control.
- 23 1. Division of Distilled Spirits.
- 24 2. Division of Malt Beverages.
- 25 3. Division of Enforcement.
- 26 (e) ~~(f)~~ Department of Charitable Gaming.
- 27 1. Division of Licensing and Compliance.

- 1 2. Division of Enforcement.
- 2 ~~(f)(g)~~ Department of Financial Institutions.
- 3 1. Division of Depository Institutions.
- 4 2. Division of Non-Depository Institutions.
- 5 3. Division of Securities.
- 6 ~~(g)(h)~~ Department of Housing, Buildings and Construction.
- 7 1. Division of Fire Prevention.
- 8 2. Division of Plumbing.
- 9 3. Division of Heating, Ventilation, and Air Conditioning.
- 10 4. Division of Building Code Enforcement.
- 11 ~~(h)(i)~~ Department of Insurance.
- 12 1. Division of Health and Life Insurance and Managed Care.
- 13 2. Division of Property and Casualty Insurance.
- 14 3. Division of Administrative Services.
- 15 4. Division of Financial Standards and Examination.
- 16 5. Division of Licensing.
- 17 6. Division of Insurance Fraud Investigation.
- 18 7. Division of Consumer Protection.
- 19 ~~(i)(j)~~ Department of Professional Licensing.
- 20 1. Real Estate Authority.
- 21 (4) Transportation Cabinet:
- 22 (a) Department of Highways.
- 23 1. Office of Project Development.
- 24 2. Office of Project Delivery and Preservation.
- 25 3. Office of Highway Safety.
- 26 4. Highway District Offices One through Twelve.
- 27 (b) Department of Vehicle Regulation.

- 1 (c) Department of Aviation.
- 2 (d) Department of Rural and Municipal Aid.
- 3 1. Office of Local Programs.
- 4 2. Office of Rural and Secondary Roads.
- 5 (e) Office of the Secretary.
- 6 1. Office of Public Affairs.
- 7 2. Office for Civil Rights and Small Business Development.
- 8 3. Office of Budget and Fiscal Management.
- 9 4. Office of Inspector General.
- 10 5. Secretary's Office of Safety.
- 11 (f) Office of Support Services.
- 12 (g) Office of Transportation Delivery.
- 13 (h) Office of Audits.
- 14 (i) Office of Human Resource Management.
- 15 (j) Office of Information Technology.
- 16 (k) Office of Legal Services.
- 17 (5) Cabinet for Economic Development:
- 18 (a) Office of the Secretary.
- 19 1. Office of Legal Services.
- 20 2. Department for Business and Community Development.
- 21 a. Development and Retention Division – West Kentucky.
- 22 b. Development, Retention, and Administrative Division –
- 23 Central and East Kentucky.
- 24 c. Community and Workforce Development Division.
- 25 3. Department for Financial Services.
- 26 a. Kentucky Economic Development Finance Authority.
- 27 b. Finance and Personnel Division.

- 1 c. IT and Resource Management Division.
- 2 d. Compliance Division.
- 3 e. Program Administration Division.
- 4 f. Bluegrass State Skills Corporation.
- 5 4. Office of Strategy and Public Affairs.
- 6 a. Marketing and Communications Division.
- 7 b. Research and Strategy Division.
- 8 5. Office of Entrepreneurship and Innovation.
- 9 a. Commission on Small Business Innovation and Advocacy.
- 10 (6) Cabinet for Health and Family Services:
- 11 (a) Office of the Secretary.
- 12 1. Office of Public Affairs.
- 13 2. Office of Legal Services.
- 14 3. Office of Inspector General.
- 15 4. Office of Human Resource Management.
- 16 5. Office of Finance and Budget.
- 17 6. Office of Legislative and Regulatory Affairs.
- 18 7. Office of Administrative Services.
- 19 8. Office of Application Technology Services.
- 20 9. Office of Data Analytics.
- 21 (b) Department for Public Health.
- 22 (c) Department for Medicaid Services.
- 23 (d) Department for Behavioral Health, Developmental and Intellectual
- 24 Disabilities.
- 25 (e) Department for Aging and Independent Living.
- 26 (f) Department for Community Based Services.
- 27 (g) Department for Income Support.

- 1 (h) Department for Family Resource Centers and Volunteer Services.
- 2 (7) Finance and Administration Cabinet:
- 3 (a) Office of the Secretary.
- 4 (b) Office of the Inspector General.
- 5 (c) Office of Legislative and Intergovernmental Affairs.
- 6 (d) Office of General Counsel.
- 7 (e) Office of the Controller.
- 8 (f) Office of Administrative Services.
- 9 (g) Office of Policy and Audit.
- 10 (h) Department for Facilities and Support Services.
- 11 (i) Department of Revenue.
- 12 (j) Commonwealth Office of Technology.
- 13 (k) State Property and Buildings Commission.
- 14 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 15 (m) Kentucky Employees Retirement Systems.
- 16 (n) Commonwealth Credit Union.
- 17 (o) State Investment Commission.
- 18 (p) Kentucky Housing Corporation.
- 19 (q) Kentucky Local Correctional Facilities Construction Authority.
- 20 (r) Kentucky Turnpike Authority.
- 21 (s) Historic Properties Advisory Commission.
- 22 (t) Kentucky Higher Education Assistance Authority.
- 23 (u) Kentucky River Authority.
- 24 (v) Kentucky Teachers' Retirement System Board of Trustees.
- 25 (w) Executive Branch Ethics Commission.
- 26 (x) Office of Fleet Management.
- 27 (8) Tourism, Arts and Heritage Cabinet:

- 1 (a) Kentucky Department of Tourism.
 - 2 1. Division of Tourism Services.
 - 3 2. Division of Marketing and Administration.
 - 4 3. Division of Communications and Promotions.
- 5 (b) Kentucky Department of Parks.
 - 6 1. Division of Information Technology.
 - 7 2. Division of Human Resources.
 - 8 3. Division of Financial Operations.
 - 9 4. Division of Purchasing.
 - 10 5. Division of Facilities.
 - 11 6. Division of Park Operations.
 - 12 7. Division of Sales, Marketing, and Customer Service.
 - 13 8. Division of Engagement.
 - 14 9. Division of Food Services.
 - 15 10. Division of Rangers.
- 16 (c) Department of Fish and Wildlife Resources.
 - 17 1. Division of Law Enforcement.
 - 18 2. Division of Administrative Services.
 - 19 3. Division of Engineering, Infrastructure, and Technology.
 - 20 4. Division of Fisheries.
 - 21 5. Division of Information and Education.
 - 22 6. Division of Wildlife.
 - 23 7. Division of Marketing.
- 24 (d) Kentucky Horse Park.
 - 25 1. Division of Support Services.
 - 26 2. Division of Buildings and Grounds.
 - 27 3. Division of Operational Services.

- 1 (e) Kentucky State Fair Board.
 - 2 1. Office of Administrative and Information Technology Services.
 - 3 2. Office of Human Resources and Access Control.
 - 4 3. Division of Expositions.
 - 5 4. Division of Kentucky Exposition Center Operations.
 - 6 5. Division of Kentucky International Convention Center.
 - 7 6. Division of Public Relations and Media.
 - 8 7. Division of Venue Services.
 - 9 8. Division of Personnel Management and Staff Development.
 - 10 9. Division of Sales.
 - 11 10. Division of Security and Traffic Control.
 - 12 11. Division of Information Technology.
 - 13 12. Division of the Louisville Arena.
 - 14 13. Division of Fiscal and Contract Management.
 - 15 14. Division of Access Control.
- 16 (f) Office of the Secretary.
 - 17 1. Office of Finance.
 - 18 2. Office of Government Relations and Administration.
- 19 (g) Office of Legal Affairs.
- 20 (h) Office of Human Resources.
- 21 (i) Office of Public Affairs and Constituent Services.
- 22 (j) Office of Arts and Cultural Heritage.
- 23 (k) Kentucky African-American Heritage Commission.
- 24 (l) Kentucky Foundation for the Arts.
- 25 (m) Kentucky Humanities Council.
- 26 (n) Kentucky Heritage Council.
- 27 (o) Kentucky Arts Council.

- 1 (p) Kentucky Historical Society.
- 2 1. Division of Museums.
- 3 2. Division of Oral History and Educational Outreach.
- 4 3. Division of Research and Publications.
- 5 4. Division of Administration.
- 6 (q) Kentucky Center for the Arts.
- 7 1. Division of Governor's School for the Arts.
- 8 (r) Kentucky Artisans Center at Berea.
- 9 (s) Northern Kentucky Convention Center.
- 10 (t) Eastern Kentucky Exposition Center.
- 11 (9) Personnel Cabinet:
- 12 (a) Office of the Secretary.
- 13 (b) Department of Human Resources Administration.
- 14 (c) Office of Employee Relations.
- 15 (d) Kentucky Public Employees Deferred Compensation Authority.
- 16 (e) Office of Administrative Services.
- 17 (f) Office of Legal Services.
- 18 (g) Governmental Services Center.
- 19 (h) Department of Employee Insurance.
- 20 (i) Office of Diversity, Equality, and Training.
- 21 (j) Office of Public Affairs.
- 22 (10) Education and Labor Cabinet:
- 23 (a) Office of the Secretary.
- 24 1. Office of Legal Services.
- 25 a. Workplace Standards Legal Division.
- 26 b. Workers' Claims Legal Division.
- 27 c. Workforce Development Legal Division.

- 1 2. Office of Administrative Services.
- 2 a. Division of Human Resources Management.
- 3 b. Division of Fiscal Management.
- 4 c. Division of Operations and Support Services.
- 5 3. Office of Technology Services.
- 6 a. Division of Information Technology Services.
- 7 4. Office of Policy and Audit.
- 8 5. Office of Legislative Services.
- 9 6. Office of Communications.
- 10 7. Office of the Kentucky Center for Statistics.
- 11 8. Board of the Kentucky Center for Statistics.
- 12 9. Early Childhood Advisory Council.
- 13 10. Governors' Scholars Program.
- 14 11. Governor's School for Entrepreneurs Program.
- 15 12. Foundation for Adult Education.
- 16 (b) Department of Education.
- 17 1. Kentucky Board of Education.
- 18 2. Kentucky Technical Education Personnel Board.
- 19 3. Education Professional Standards Board.
- 20 (c) Board of Directors for the Center for School Safety.
- 21 (d) Department for Libraries and Archives.
- 22 (e) Kentucky Environmental Education Council.
- 23 (f) Kentucky Educational Television.
- 24 (g) Kentucky Commission on the Deaf and Hard of Hearing.
- 25 (h) Department of Workforce Development.
- 26 1. Career Development Office.
- 27 2. Office of Vocational Rehabilitation.

- 1 a. Division of Kentucky Business Enterprise.
- 2 b. Division of the Carl D. Perkins Vocational Training Center.
- 3 c. Division of Blind Services.
- 4 d. Division of Field Services.
- 5 e. Statewide Council for Vocational Rehabilitation.
- 6 f. Employment First Council.
- 7 3. Office of Employer and Apprenticeship Services.
- 8 a. Division of Apprenticeship.
- 9 4. Kentucky Apprenticeship Council.
- 10 5. Division of Technical Assistance.
- 11 6. Office of Adult Education.
- 12 7. Office of the Kentucky Workforce Innovation Board.
- 13 (i) Department of Workplace Standards.
- 14 1. Division of Occupational Safety and Health Compliance.
- 15 2. Division of Occupational Safety and Health Education and
- 16 Training.
- 17 3. Division of Wages and Hours.
- 18 (j) Office of Unemployment Insurance.
- 19 (k) Kentucky Unemployment Insurance Commission.
- 20 (l) Department of Workers' Claims.
- 21 1. Division of Workers' Compensation Funds.
- 22 2. Office of Administrative Law Judges.
- 23 3. Division of Claims Processing.
- 24 4. Division of Security and Compliance.
- 25 5. Division of Specialist and Medical Services.
- 26 6. Workers' Compensation Board.
- 27 (m) Workers' Compensation Funding Commission.

- 1 (n) Kentucky Occupational Safety and Health Standards Board.
- 2 (o) State Labor Relations Board.
- 3 (p) Employers' Mutual Insurance Authority.
- 4 (q) Kentucky Occupational Safety and Health Review Commission.
- 5 (r) Workers' Compensation Nominating Committee.
- 6 (s) Office of Educational Programs.
- 7 (t) Kentucky Workforce Innovation Board.
- 8 (u) Kentucky Commission on Proprietary Education.
- 9 (v) Kentucky Work Ready Skills Advisory Committee.
- 10 (w) Kentucky Geographic Education Board.
- 11 (x) Disability Determination Services Program.

12 III. Other departments headed by appointed officers:

- 13 (1) Council on Postsecondary Education.
- 14 (2) Department of Military Affairs.
- 15 (3) Department for Local Government.
- 16 (4) Kentucky Commission on Human Rights.
- 17 (5) Kentucky Commission on Women.
- 18 (6) Department of Veterans' Affairs.
- 19 (7) Kentucky Commission on Military Affairs.
- 20 (8) Office of Minority Empowerment.
- 21 (9) Governor's Council on Wellness and Physical Activity.
- 22 (10) Kentucky Communications Network Authority.

23 ➔Section 32. KRS 12.020 (Effective July 1, 2025) is amended to read as follows:
24 Departments, program cabinets and their departments, and the respective major
25 administrative bodies that they include are enumerated in this section. It is not intended
26 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
27 bureau, interstate compact, commission, committee, conference, council, office, or any

1 other form of organization shall be included in or attached to the department or program
2 cabinet in which they are included or to which they are attached by statute or statutorily
3 authorized executive order; except in the case of the Personnel Board and where the
4 attached department or administrative body is headed by a constitutionally elected
5 officer, the attachment shall be solely for the purpose of dissemination of information and
6 coordination of activities and shall not include any authority over the functions,
7 personnel, funds, equipment, facilities, or records of the department or administrative
8 body.

9 I. Cabinet for General Government - Departments headed by elected officers:

- 10 (1) The Governor.
11 (2) Lieutenant Governor.
12 (3) Department of State.
13 (a) Secretary of State.
14 (b) Board of Elections.
15 (c) Registry of Election Finance.
16 (4) Department of Law.
17 (a) Attorney General.
18 (5) Department of the Treasury.
19 (a) Treasurer.
20 (6) Department of Agriculture.
21 (a) Commissioner of Agriculture.
22 (b) Agricultural Development Board.
23 (c) Kentucky Agricultural Finance Corporation.
24 (7) Auditor of Public Accounts.
25 (a) Commonwealth Office of the Ombudsman.

26 II. Program cabinets headed by appointed officers:

- 27 (1) Justice and Public Safety Cabinet:

- 1 (a) Department of Kentucky State Police.
 - 2 1. Office of Administrative Services.
 - 3 a. Division of Operational Support.
 - 4 b. Division of Management Services.
 - 5 2. Office of Operations.
 - 6 a. Division of West Troops.
 - 7 b. Division of East Troops.
 - 8 c. Division of Special Enforcement.
 - 9 d. Division of Commercial Vehicle Enforcement.
 - 10 3. Office of Technical Services.
 - 11 a. Division of Forensic Sciences.
 - 12 b. Division of Electronic Services.
 - 13 c. Division of Records Management.
- 14 (b) Department of Criminal Justice Training.
- 15 (c) Department of Corrections.
- 16 (d) Department of Juvenile Justice.
- 17 (e) Office of the Secretary.
- 18 (f) Office of Drug Control Policy.
- 19 (g) Office of Legal Services.
- 20 (h) Office of the Kentucky State Medical Examiner.
- 21 (i) Parole Board.
- 22 (j) Kentucky State Corrections Commission.
- 23 (k) Office of Legislative and Intergovernmental Services.
- 24 (l) Office of Human Resource Management.
 - 25 1. Division of Human Resource Administration.
 - 26 2. Division of Employee Management.
- 27 (m) Department of Public Advocacy.

- 1 (n) Office of Communications.
- 2 1. Information Technology Services Division.
- 3 (o) Office of Financial Management Services.
- 4 1. Division of Financial Management.
- 5 (p) Grants Management Division.
- 6 (2) Energy and Environment Cabinet:
- 7 (a) Office of the Secretary.
- 8 1. Office of Legislative and Intergovernmental Affairs.
- 9 2. Office of Legal Services.
- 10 a. Legal Division I.
- 11 b. Legal Division II.
- 12 3. Office of Administrative Hearings.
- 13 4. Office of Communication.
- 14 5. Mine Safety Review Commission.
- 15 6. Office of Kentucky Nature Preserves.
- 16 7. Kentucky Public Service Commission.
- 17 (b) Department for Environmental Protection.
- 18 1. Office of the Commissioner.
- 19 2. Division for Air Quality.
- 20 3. Division of Water.
- 21 4. Division of Environmental Program Support.
- 22 5. Division of Waste Management.
- 23 6. Division of Enforcement.
- 24 7. Division of Compliance Assistance.
- 25 (c) Department for Natural Resources.
- 26 1. Office of the Commissioner.
- 27 2. Division of Mine Permits.

- 1 3. Division of Mine Reclamation and Enforcement.
- 2 4. Division of Abandoned Mine Lands.
- 3 5. Division of Oil and Gas.
- 4 6. Division of Mine Safety.
- 5 7. Division of Forestry.
- 6 8. Division of Conservation.
- 7 9. Office of the Reclamation Guaranty Fund.
- 8 (d) Office of Energy Policy.
 - 9 1. Division of Energy Assistance.
- 10 (e) Office of Administrative Services.
 - 11 1. Division of Human Resources Management.
 - 12 2. Division of Financial Management.
 - 13 3. Division of Information Services.
- 14 (3) Public Protection Cabinet.
 - 15 (a) Office of the Secretary.
 - 16 1. Office of Communications and Public Outreach.
 - 17 2. Office of Legal Services.
 - 18 a. Insurance Legal Division.
 - 19 ~~b. [Charitable Gaming Legal Division.~~
 - 20 ~~c. [Alcoholic Beverage Control Legal Division.~~
 - 21 ~~d. [Housing, Buildings and Construction Legal Division.~~
 - 22 ~~e. [Financial Institutions Legal Division.~~
 - 23 ~~f. [Professional Licensing Legal Division.~~
 - 24 3. Office of Administrative Hearings.
 - 25 4. Office of Administrative Services.
 - 26 a. Division of Human Resources.
 - 27 b. Division of Fiscal Responsibility.

- 1 (b) Office of Claims and Appeals.
- 2 1. Board of Tax Appeals.
- 3 2. Board of Claims.
- 4 3. Crime Victims Compensation Board.
- 5 (c) Kentucky Boxing and Wrestling Commission.
- 6 ~~(d) Kentucky Horse Racing Commission.~~
- 7 ~~1. Office of Executive Director.~~
- 8 ~~a. Division of Pari-mutuel Wagering and Compliance.~~
- 9 ~~b. Division of Stewards.~~
- 10 ~~c. Division of Licensing.~~
- 11 ~~d. Division of Enforcement.~~
- 12 ~~e. Division of Incentives and Development.~~
- 13 ~~f. Division of Veterinary Services.~~
- 14 ~~(e)~~ Department of Alcoholic Beverage Control.
- 15 1. Division of Distilled Spirits.
- 16 2. Division of Malt Beverages.
- 17 3. Division of Enforcement.
- 18 ~~(f) Department of Charitable Gaming.~~
- 19 ~~1. Division of Licensing and Compliance.~~
- 20 ~~2. Division of Enforcement.]~~
- 21 ~~(e)~~ (e) Department of Financial Institutions.
- 22 1. Division of Depository Institutions.
- 23 2. Division of Non-Depository Institutions.
- 24 3. Division of Securities.
- 25 ~~(f)~~ (f) ~~(h)~~ Department of Housing, Buildings and Construction.
- 26 1. Division of Fire Prevention.
- 27 2. Division of Plumbing.

- 1 3. Division of Heating, Ventilation, and Air Conditioning.
- 2 4. Division of Building Code Enforcement.
- 3 ~~(g)(i)~~ Department of Insurance.
- 4 1. Division of Health and Life Insurance and Managed Care.
- 5 2. Division of Property and Casualty Insurance.
- 6 3. Division of Administrative Services.
- 7 4. Division of Financial Standards and Examination.
- 8 5. Division of Licensing.
- 9 6. Division of Insurance Fraud Investigation.
- 10 7. Division of Consumer Protection.
- 11 ~~(h)(i)~~ Department of Professional Licensing.
- 12 1. Real Estate Authority.
- 13 (4) Transportation Cabinet:
- 14 (a) Department of Highways.
- 15 1. Office of Project Development.
- 16 2. Office of Project Delivery and Preservation.
- 17 3. Office of Highway Safety.
- 18 4. Highway District Offices One through Twelve.
- 19 (b) Department of Vehicle Regulation.
- 20 (c) Department of Aviation.
- 21 (d) Department of Rural and Municipal Aid.
- 22 1. Office of Local Programs.
- 23 2. Office of Rural and Secondary Roads.
- 24 (e) Office of the Secretary.
- 25 1. Office of Public Affairs.
- 26 2. Office for Civil Rights and Small Business Development.
- 27 3. Office of Budget and Fiscal Management.

- 1 4. Office of Inspector General.
- 2 5. Secretary's Office of Safety.
- 3 (f) Office of Support Services.
- 4 (g) Office of Transportation Delivery.
- 5 (h) Office of Audits.
- 6 (i) Office of Human Resource Management.
- 7 (j) Office of Information Technology.
- 8 (k) Office of Legal Services.
- 9 (5) Cabinet for Economic Development:
- 10 (a) Office of the Secretary.
- 11 1. Office of Legal Services.
- 12 2. Department for Business and Community Development.
- 13 a. Development and Retention Division – West Kentucky.
- 14 b. Development, Retention, and Administrative Division –
- 15 Central and East Kentucky.
- 16 c. Community and Workforce Development Division.
- 17 3. Department for Financial Services.
- 18 a. Kentucky Economic Development Finance Authority.
- 19 b. Finance and Personnel Division.
- 20 c. IT and Resource Management Division.
- 21 d. Compliance Division.
- 22 e. Program Administration Division.
- 23 f. Bluegrass State Skills Corporation.
- 24 4. Office of Strategy and Public Affairs.
- 25 a. Marketing and Communications Division.
- 26 b. Research and Strategy Division.
- 27 5. Office of Entrepreneurship and Innovation.

- 1 a. Commission on Small Business Innovation and Advocacy.
- 2 (6) Cabinet for Health and Family Services:
- 3 (a) Office of the Secretary.
- 4 1. Office of Public Affairs.
- 5 2. Office of Legal Services.
- 6 3. Office of Inspector General.
- 7 4. Office of Human Resource Management.
- 8 5. Office of Finance and Budget.
- 9 6. Office of Legislative and Regulatory Affairs.
- 10 7. Office of Administrative Services.
- 11 8. Office of Application Technology Services.
- 12 9. Office of Data Analytics.
- 13 (b) Department for Public Health.
- 14 (c) Department for Medicaid Services.
- 15 (d) Department for Behavioral Health, Developmental and Intellectual
- 16 Disabilities.
- 17 (e) Department for Aging and Independent Living.
- 18 (f) Department for Community Based Services.
- 19 (g) Department for Family Resource Centers and Volunteer Services.
- 20 (7) Finance and Administration Cabinet:
- 21 (a) Office of the Secretary.
- 22 (b) Office of the Inspector General.
- 23 (c) Office of Legislative and Intergovernmental Affairs.
- 24 (d) Office of General Counsel.
- 25 (e) Office of the Controller.
- 26 (f) Office of Administrative Services.
- 27 (g) Office of Policy and Audit.

- 1 (h) Department for Facilities and Support Services.
- 2 (i) Department of Revenue.
- 3 (j) Commonwealth Office of Technology.
- 4 (k) State Property and Buildings Commission.
- 5 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 6 (m) Kentucky Employees Retirement Systems.
- 7 (n) Commonwealth Credit Union.
- 8 (o) State Investment Commission.
- 9 (p) Kentucky Housing Corporation.
- 10 (q) Kentucky Local Correctional Facilities Construction Authority.
- 11 (r) Kentucky Turnpike Authority.
- 12 (s) Historic Properties Advisory Commission.
- 13 (t) Kentucky Higher Education Assistance Authority.
- 14 (u) Kentucky River Authority.
- 15 (v) Kentucky Teachers' Retirement System Board of Trustees.
- 16 (w) Executive Branch Ethics Commission.
- 17 (x) Office of Fleet Management.
- 18 (8) Tourism, Arts and Heritage Cabinet:
- 19 (a) Kentucky Department of Tourism.
- 20 1. Division of Tourism Services.
- 21 2. Division of Marketing and Administration.
- 22 3. Division of Communications and Promotions.
- 23 (b) Kentucky Department of Parks.
- 24 1. Division of Information Technology.
- 25 2. Division of Human Resources.
- 26 3. Division of Financial Operations.
- 27 4. Division of Purchasing.

- 1 5. Division of Facilities.
- 2 6. Division of Park Operations.
- 3 7. Division of Sales, Marketing, and Customer Service.
- 4 8. Division of Engagement.
- 5 9. Division of Food Services.
- 6 10. Division of Rangers.
- 7 (c) Department of Fish and Wildlife Resources.
- 8 1. Division of Law Enforcement.
- 9 2. Division of Administrative Services.
- 10 3. Division of Engineering, Infrastructure, and Technology.
- 11 4. Division of Fisheries.
- 12 5. Division of Information and Education.
- 13 6. Division of Wildlife.
- 14 7. Division of Marketing.
- 15 (d) Kentucky Horse Park.
- 16 1. Division of Support Services.
- 17 2. Division of Buildings and Grounds.
- 18 3. Division of Operational Services.
- 19 (e) Kentucky State Fair Board.
- 20 1. Office of Administrative and Information Technology Services.
- 21 2. Office of Human Resources and Access Control.
- 22 3. Division of Expositions.
- 23 4. Division of Kentucky Exposition Center Operations.
- 24 5. Division of Kentucky International Convention Center.
- 25 6. Division of Public Relations and Media.
- 26 7. Division of Venue Services.
- 27 8. Division of Personnel Management and Staff Development.

- 1 9. Division of Sales.
- 2 10. Division of Security and Traffic Control.
- 3 11. Division of Information Technology.
- 4 12. Division of the Louisville Arena.
- 5 13. Division of Fiscal and Contract Management.
- 6 14. Division of Access Control.
- 7 (f) Office of the Secretary.
- 8 1. Office of Finance.
- 9 2. Office of Government Relations and Administration.
- 10 (g) Office of Legal Affairs.
- 11 (h) Office of Human Resources.
- 12 (i) Office of Public Affairs and Constituent Services.
- 13 (j) Office of Arts and Cultural Heritage.
- 14 (k) Kentucky African-American Heritage Commission.
- 15 (l) Kentucky Foundation for the Arts.
- 16 (m) Kentucky Humanities Council.
- 17 (n) Kentucky Heritage Council.
- 18 (o) Kentucky Arts Council.
- 19 (p) Kentucky Historical Society.
- 20 1. Division of Museums.
- 21 2. Division of Oral History and Educational Outreach.
- 22 3. Division of Research and Publications.
- 23 4. Division of Administration.
- 24 (q) Kentucky Center for the Arts.
- 25 1. Division of Governor's School for the Arts.
- 26 (r) Kentucky Artisans Center at Berea.
- 27 (s) Northern Kentucky Convention Center.

- 1 (t) Eastern Kentucky Exposition Center.
- 2 (9) Personnel Cabinet:
- 3 (a) Office of the Secretary.
- 4 (b) Department of Human Resources Administration.
- 5 (c) Office of Employee Relations.
- 6 (d) Kentucky Public Employees Deferred Compensation Authority.
- 7 (e) Office of Administrative Services.
- 8 (f) Office of Legal Services.
- 9 (g) Governmental Services Center.
- 10 (h) Department of Employee Insurance.
- 11 (i) Office of Diversity, Equality, and Training.
- 12 (j) Office of Public Affairs.
- 13 (10) Education and Labor Cabinet:
- 14 (a) Office of the Secretary.
- 15 1. Office of Legal Services.
- 16 a. Workplace Standards Legal Division.
- 17 b. Workers' Claims Legal Division.
- 18 c. Workforce Development Legal Division.
- 19 2. Office of Administrative Services.
- 20 a. Division of Human Resources Management.
- 21 b. Division of Fiscal Management.
- 22 c. Division of Operations and Support Services.
- 23 3. Office of Technology Services.
- 24 a. Division of Information Technology Services.
- 25 4. Office of Policy and Audit.
- 26 5. Office of Legislative Services.
- 27 6. Office of Communications.

- 1 7. Office of the Kentucky Center for Statistics.
- 2 8. Board of the Kentucky Center for Statistics.
- 3 9. Early Childhood Advisory Council.
- 4 10. Governors' Scholars Program.
- 5 11. Governor's School for Entrepreneurs Program.
- 6 12. Foundation for Adult Education.
- 7 (b) Department of Education.
- 8 1. Kentucky Board of Education.
- 9 2. Kentucky Technical Education Personnel Board.
- 10 3. Education Professional Standards Board.
- 11 (c) Board of Directors for the Center for School Safety.
- 12 (d) Department for Libraries and Archives.
- 13 (e) Kentucky Environmental Education Council.
- 14 (f) Kentucky Educational Television.
- 15 (g) Kentucky Commission on the Deaf and Hard of Hearing.
- 16 (h) Department of Workforce Development.
- 17 1. Career Development Office.
- 18 2. Office of Vocational Rehabilitation.
- 19 a. Division of Kentucky Business Enterprise.
- 20 b. Division of the Carl D. Perkins Vocational Training Center.
- 21 c. Division of Blind Services.
- 22 d. Division of Field Services.
- 23 e. Statewide Council for Vocational Rehabilitation.
- 24 f. Employment First Council.
- 25 3. Office of Employer and Apprenticeship Services.
- 26 a. Division of Apprenticeship.
- 27 4. Kentucky Apprenticeship Council.

- 1 5. Division of Technical Assistance.
- 2 6. Office of Adult Education.
- 3 7. Office of the Kentucky Workforce Innovation Board.
- 4 (i) Department of Workplace Standards.
 - 5 1. Division of Occupational Safety and Health Compliance.
 - 6 2. Division of Occupational Safety and Health Education and
 - 7 Training.
 - 8 3. Division of Wages and Hours.
- 9 (j) Office of Unemployment Insurance.
- 10 (k) Kentucky Unemployment Insurance Commission.
- 11 (l) Department of Workers' Claims.
 - 12 1. Division of Workers' Compensation Funds.
 - 13 2. Office of Administrative Law Judges.
 - 14 3. Division of Claims Processing.
 - 15 4. Division of Security and Compliance.
 - 16 5. Division of Specialist and Medical Services.
 - 17 6. Workers' Compensation Board.
- 18 (m) Workers' Compensation Funding Commission.
- 19 (n) Kentucky Occupational Safety and Health Standards Board.
- 20 (o) State Labor Relations Board.
- 21 (p) Employers' Mutual Insurance Authority.
- 22 (q) Kentucky Occupational Safety and Health Review Commission.
- 23 (r) Workers' Compensation Nominating Committee.
- 24 (s) Office of Educational Programs.
- 25 (t) Kentucky Workforce Innovation Board.
- 26 (u) Kentucky Commission on Proprietary Education.
- 27 (v) Kentucky Work Ready Skills Advisory Committee.

1 (w) Kentucky Geographic Education Board.

2 (x) Disability Determination Services Program.

3 III. Other departments headed by appointed officers:

4 (1) Council on Postsecondary Education.

5 (2) Department of Military Affairs.

6 (3) Department for Local Government.

7 (4) Kentucky Commission on Human Rights.

8 (5) Kentucky Commission on Women.

9 (6) Department of Veterans' Affairs.

10 (7) Kentucky Commission on Military Affairs.

11 (8) Office of Minority Empowerment.

12 (9) Governor's Council on Wellness and Physical Activity.

13 (10) Kentucky Communications Network Authority.

14 ➔Section 33. KRS 12.252 is amended to read as follows:

15 (1) There is established within the Public Protection Cabinet a Department of Financial
16 Institutions, a Department of Insurance, a Department of Housing, Buildings and
17 Construction, a Department of Charitable Gaming, a Department of Professional
18 Licensing, and a Department of Alcoholic Beverage Control. Each department shall
19 be headed by a commissioner appointed by the Governor as required by KRS
20 12.040 and, where appropriate, by KRS 238.510, 241.015, and 304.2-020.
21 Commissioners shall be directly responsible to the secretary and shall perform the
22 functions, powers, and duties provided by law and prescribed by the secretary.

23 (2) The secretary of the Public Protection Cabinet shall be appointed by the Governor
24 in accordance with KRS 12.255. The Office of the Secretary shall contain the
25 following entities:

26 (a) The Office of Communications and Public Outreach, which shall be headed
27 by an executive director appointed by the secretary with the approval of the

- 1 Governor in accordance with KRS 12.050;
- 2 (b) The Office of Legal Services, which shall be headed by an executive director
- 3 appointed by the secretary with the approval of the Governor in accordance
- 4 with KRS 12.050 and 12.210;
- 5 (c) The Office of Administrative Hearings, which shall be headed by an executive
- 6 director appointed by the secretary with the approval of the Governor in
- 7 accordance with KRS 12.050 and 12.210; and
- 8 (d) The Office of Administrative Services, which shall be headed by an executive
- 9 director appointed by the secretary with the approval of the Governor in
- 10 accordance with KRS 12.050.
- 11 (3) There is established within the Public Protection Cabinet the Office of Claims and
- 12 Appeals pursuant to KRS 49.010.
- 13 ~~(4) The Kentucky Horse Racing Commission is attached to the Public Protection~~
- 14 ~~Cabinet for administrative purposes only, except as provided in KRS 131.330.~~
- 15 ~~(5)~~ There is established within the Public Protection Cabinet the Kentucky Boxing and
- 16 Wrestling Commission, which shall be headed by an executive director appointed
- 17 by the secretary with the approval of the Governor as required by KRS 12.050. The
- 18 executive director shall be directly responsible to the secretary and shall perform
- 19 the functions, powers, and duties provided by law and prescribed by the secretary.
- 20 ➔Section 34. KRS 12.252 is amended to read as follows:
- 21 (1) There is established within the Public Protection Cabinet a Department of Financial
- 22 Institutions, a Department of Insurance, a Department of Housing, Buildings and
- 23 Construction,~~[a Department of Charitable Gaming,]~~ a Department of Professional
- 24 Licensing, and a Department of Alcoholic Beverage Control. Each department shall
- 25 be headed by a commissioner appointed by the Governor as required by KRS
- 26 12.040 and, where appropriate, by KRS~~[238.510,]~~ 241.015~~[,]~~ and 304.2-020.
- 27 Commissioners shall be directly responsible to the secretary and shall perform the

1 functions, powers, and duties provided by law and prescribed by the secretary.

2 (2) The secretary of the Public Protection Cabinet shall be appointed by the Governor
3 in accordance with KRS 12.255. The Office of the Secretary shall contain the
4 following entities:

5 (a) The Office of Communications and Public Outreach, which shall be headed
6 by an executive director appointed by the secretary with the approval of the
7 Governor in accordance with KRS 12.050;

8 (b) The Office of Legal Services, which shall be headed by an executive director
9 appointed by the secretary with the approval of the Governor in accordance
10 with KRS 12.050 and 12.210;

11 (c) The Office of Administrative Hearings, which shall be headed by an executive
12 director appointed by the secretary with the approval of the Governor in
13 accordance with KRS 12.050 and 12.210; and

14 (d) The Office of Administrative Services, which shall be headed by an executive
15 director appointed by the secretary with the approval of the Governor in
16 accordance with KRS 12.050.

17 (3) There is established within the Public Protection Cabinet the Office of Claims and
18 Appeals pursuant to KRS 49.010.

19 ~~(4) The Kentucky Horse Racing Commission is attached to the Public Protection~~
20 ~~Cabinet for administrative purposes only, except as provided in KRS 131.330.~~

21 ~~(5)~~ There is established within the Public Protection Cabinet the Kentucky Boxing and
22 Wrestling Commission, which shall be headed by an executive director appointed
23 by the secretary with the approval of the Governor as required by KRS 12.050. The
24 executive director shall be directly responsible to the secretary and shall perform
25 the functions, powers, and duties provided by law and prescribed by the secretary.

26 ➔Section 35. KRS 15.380 is amended to read as follows:

27 (1) The following officers employed or appointed as full-time, part-time, or auxiliary

1 officers, whether paid or unpaid, shall be certified by the council if all minimum
2 standards set forth in KRS 15.380 to 15.404 have been met:

3 (a) Department of Kentucky State Police officers, but for the commissioner of the
4 Department of Kentucky State Police;

5 (b) City, county, and urban-county police officers;

6 (c) Deputy sheriffs, except those identified in KRS 70.045 and 70.263(3);

7 (d) State or public university police officers appointed pursuant to KRS 164.950;

8 (e) School resource officers as defined in KRS 158.441 and employed or
9 appointed under KRS 158.4414;

10 (f) Airport safety and security officers appointed under KRS 183.880;

11 (g) Department of Alcoholic Beverage Control investigators appointed under
12 KRS 241.090;

13 (h) Division of Insurance Fraud Investigation investigators appointed under KRS
14 304.47-040; and

15 (i) Fire investigators appointed or employed under KRS 95A.100 or 227.220.

16 (2) The requirements of KRS 15.380 to 15.404 for certification may apply to all state
17 peace officers employed pursuant to KRS Chapter 18A and shall, if adopted, be
18 incorporated by the Personnel Cabinet for job specifications.

19 (3) Additional training in excess of the standards set forth in KRS 15.380 to 15.404 for
20 all peace officers possessing arrest powers who have specialized law enforcement
21 responsibilities shall be the responsibility of the employing agency.

22 (4) The following officers may, upon request of the employing agency, be certified by
23 the council if all minimum standards set forth in KRS 15.380 to 15.404 have been
24 met:

25 (a) Deputy coroners;

26 (b) Deputy constables;

27 (c) Deputy jailers;

- 1 (d) Deputy sheriffs under KRS 70.045 and 70.263(3);
- 2 (e) Officers appointed under KRS 61.360;
- 3 (f) Officers appointed under KRS 61.902, except those who are school resource
- 4 officers as defined in KRS 158.441 and who shall be certified under
- 5 subsection (1)(e) of this section;
- 6 (g) Private security officers;
- 7 (h) Employees of a correctional services division created pursuant to KRS
- 8 67A.028 and employees of a metropolitan correctional services department
- 9 created pursuant to KRS 67B.010 to 67B.080;
- 10 (i) Investigators employed by the Department of Charitable Gaming in
- 11 accordance with KRS 238.510; and
- 12 (j) Commonwealth detectives employed under KRS 69.110 and county
- 13 detectives employed under KRS 69.360.
- 14 (5) The following officers shall be exempted from the certification requirements but
- 15 may upon their request be certified by the council:
- 16 (a) Sheriffs;
- 17 (b) Coroners;
- 18 (c) Constables;
- 19 (d) Jailers;
- 20 (e) Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ security
- 21 officers employed under KRS 230.240; and
- 22 (f) Commissioner of the State Police.
- 23 (6) Federal peace officers cannot be certified under KRS 15.380 to 15.404.
- 24 (7) Local alcoholic beverage control investigators appointed under KRS Chapter 241
- 25 on or after April 1, 2019, shall be certified by the council if all minimum standards
- 26 set forth in KRS 15.380 to 15.404 have been met. Local alcoholic beverage control
- 27 investigators appointed under KRS Chapter 241 before April 1, 2019, may be

1 certified by the council if all minimum standards set forth in KRS 15.380 to 15.404
2 have been met.

3 ➔Section 36. KRS 15.380 is amended to read as follows:

4 (1) The following officers employed or appointed as full-time, part-time, or auxiliary
5 officers, whether paid or unpaid, shall be certified by the council if all minimum
6 standards set forth in KRS 15.380 to 15.404 have been met:

7 (a) Department of Kentucky State Police officers, but for the commissioner of the
8 Department of Kentucky State Police;

9 (b) City, county, and urban-county police officers;

10 (c) Deputy sheriffs, except those identified in KRS 70.045 and 70.263(3);

11 (d) State or public university police officers appointed pursuant to KRS 164.950;

12 (e) School resource officers as defined in KRS 158.441 and employed or
13 appointed under KRS 158.4414;

14 (f) Airport safety and security officers appointed under KRS 183.880;

15 (g) Department of Alcoholic Beverage Control investigators appointed under
16 KRS 241.090;

17 (h) Division of Insurance Fraud Investigation investigators appointed under KRS
18 304.47-040; and

19 (i) Fire investigators appointed or employed under KRS 95A.100 or 227.220.

20 (2) The requirements of KRS 15.380 to 15.404 for certification may apply to all state
21 peace officers employed pursuant to KRS Chapter 18A and shall, if adopted, be
22 incorporated by the Personnel Cabinet for job specifications.

23 (3) Additional training in excess of the standards set forth in KRS 15.380 to 15.404 for
24 all peace officers possessing arrest powers who have specialized law enforcement
25 responsibilities shall be the responsibility of the employing agency.

26 (4) The following officers may, upon request of the employing agency, be certified by
27 the council if all minimum standards set forth in KRS 15.380 to 15.404 have been

1 met:

2 (a) Deputy coroners;

3 (b) Deputy constables;

4 (c) Deputy jailers;

5 (d) Deputy sheriffs under KRS 70.045 and 70.263(3);

6 (e) Officers appointed under KRS 61.360;

7 (f) Officers appointed under KRS 61.902, except those who are school resource
8 officers as defined in KRS 158.441 and who shall be certified under
9 subsection (1)(e) of this section;

10 (g) Private security officers;

11 (h) Employees of a correctional services division created pursuant to KRS
12 67A.028 and employees of a metropolitan correctional services department
13 created pursuant to KRS 67B.010 to 67B.080;

14 (i) Investigators employed by the Office~~[Department]~~ of Charitable Gaming in
15 accordance with KRS 238.510; and

16 (j) Commonwealth detectives employed under KRS 69.110 and county
17 detectives employed under KRS 69.360.

18 (5) The following officers shall be exempted from the certification requirements but
19 may upon their request be certified by the council:

20 (a) Sheriffs;

21 (b) Coroners;

22 (c) Constables;

23 (d) Jailers;

24 (e) Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ security
25 officers employed under KRS 230.240; and

26 (f) Commissioner of the State Police.

27 (6) Federal peace officers cannot be certified under KRS 15.380 to 15.404.

1 (7) Local alcoholic beverage control investigators appointed under KRS Chapter 241
2 on or after April 1, 2019, shall be certified by the council if all minimum standards
3 set forth in KRS 15.380 to 15.404 have been met. Local alcoholic beverage control
4 investigators appointed under KRS Chapter 241 before April 1, 2019, may be
5 certified by the council if all minimum standards set forth in KRS 15.380 to 15.404
6 have been met.

7 ➔Section 37. KRS 15.728 is amended to read as follows:

8 All law enforcement agencies and investigative bodies shall notify the
9 Office~~[Department]~~ of Charitable Gaming of any investigation or prosecution of any
10 violation of the charitable gaming laws as soon as reasonably possible after commencing
11 the investigation or prosecution and shall coordinate any investigation with the
12 office~~[department]~~.

13 ➔Section 38. KRS 18A.115 is amended to read as follows:

14 (1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise
15 all positions in the state service now existing or hereafter established, except the
16 following:

- 17 (a) The General Assembly and employees of the General Assembly, including the
18 employees of the Legislative Research Commission;
- 19 (b) Officers elected by popular vote and persons appointed to fill vacancies in
20 elective offices;
- 21 (c) Members of boards and commissions;
- 22 (d) Officers and employees on the staff of the Governor, the Lieutenant
23 Governor, the Office of the Secretary of the Governor's Cabinet, and the
24 Office of Program Administration;
- 25 (e) Cabinet secretaries, commissioners, office heads, and the administrative heads
26 of all boards and commissions, including the executive director of Kentucky
27 Educational Television;

- 1 (f) Employees of Kentucky Educational Television who have been determined to
2 be exempt from classified service by the Kentucky Authority for Educational
3 Television, which shall have sole authority over such exempt employees for
4 employment, dismissal, and setting of compensation, up to the maximum
5 established for the executive director and his principal assistants;
- 6 (g) One (1) principal assistant or deputy for each person exempted under
7 subsection (1)(e) of this section;
- 8 (h) One (1) additional principal assistant or deputy as may be necessary for
9 making and carrying out policy for each person exempted under subsection
10 (1)(e) of this section in those instances in which the nature of the functions,
11 size, or complexity of the unit involved are such that the secretary approves
12 such an addition on petition of the relevant cabinet secretary or department
13 head and such other principal assistants, deputies, or other major assistants as
14 may be necessary for making and carrying out policy for each person
15 exempted under subsection (1)(e) of this section in those instances in which
16 the nature of the functions, size, or complexity of the unit involved are such
17 that the board may approve such an addition or additions on petition of the
18 department head approved by the secretary. Effective August 1, 2010:
- 19 1. All positions approved under this paragraph prior to August 1, 2010,
20 shall be abolished effective December 31, 2010, unless reapproved
21 under subparagraph 2. of this paragraph; and
- 22 2. A position approved under this paragraph on or after August 1, 2010,
23 shall be approved for a period of five (5) years, after which time the
24 position shall be abolished unless reapproved under this subparagraph
25 for an additional five (5) year period;
- 26 (i) Division directors subject to the provisions of KRS 18A.170. Division
27 directors in the classified service as of January 1, 1980, shall remain in the

- 1 classified service;
- 2 (j) Physicians employed as such;
- 3 (k) One (1) private secretary for each person exempted under subsection (1)(e),
- 4 (g), and (h) of this section;
- 5 (l) The judicial department, referees, receivers, jurors, and notaries public;
- 6 (m) Officers and members of the staffs of state universities and colleges and
- 7 student employees of such institutions; officers and employees of the
- 8 Teachers' Retirement System; and officers, teachers, and employees of local
- 9 boards of education;
- 10 (n) Patients or inmates employed in state institutions;
- 11 (o) Persons employed in a professional or scientific capacity to make or conduct a
- 12 temporary or special inquiry, investigation, or examination on behalf of the
- 13 General Assembly, or a committee thereof, or by authority of the Governor,
- 14 and persons employed by state agencies for a specified, limited period to
- 15 provide professional, technical, scientific, or artistic services under the
- 16 provisions of KRS 45A.690 to 45A.725;
- 17 (p) Interim employees;
- 18 (q) Officers and members of the state militia;
- 19 (r) Department of Kentucky State Police troopers;
- 20 (s) University or college engineering students or other students employed part-
- 21 time or part-year by the state through special personnel recruitment programs;
- 22 provided that while so employed such aides shall be under contract to work
- 23 full-time for the state after graduation for a period of time approved by the
- 24 commissioner or shall be participants in a cooperative education program
- 25 approved by the commissioner;
- 26 (t) Superintendents of state mental institutions, including heads of centers for
- 27 individuals with an intellectual disability, and penal and correctional

- 1 institutions as referred to in KRS 196.180(2);
- 2 (u) Staff members of the Kentucky Historical Society, if they are hired in
- 3 accordance with KRS 171.311;
- 4 (v) County and Commonwealth's attorneys and their respective appointees;
- 5 (w) Chief district engineers and the state highway engineer;
- 6 (x) Veterinarians employed as such by the Kentucky Horse Racing and Gaming
- 7 Corporation~~[Commission]~~;
- 8 (y) Employees of the Kentucky Peace Corps;
- 9 (z) Employees of the Council on Postsecondary Education;
- 10 (aa) Executive director of the Commonwealth Office of Technology;
- 11 (ab) Employees of Serve Kentucky;
- 12 (ac) Persons employed in certified teaching positions at the Kentucky School for
- 13 the Blind and the Kentucky School for the Deaf;
- 14 (ad) Federally funded time-limited employees as defined in KRS 18A.005; and
- 15 (ae) Employees of the Department of Agriculture who are employed to support the
- 16 Agricultural Development Board and the Kentucky Agricultural Finance
- 17 Corporation.
- 18 (2) Nothing in KRS 18A.005 to 18A.200 is intended, or shall be construed, to alter or
- 19 amend the provisions of KRS 150.022 and 150.061.
- 20 (3) Nothing in KRS 18A.005 to 18A.200 is intended or shall be construed to affect any
- 21 nonmanagement, nonpolicy-making position which must be included in the
- 22 classified service as a prerequisite to the grant of federal funds to a state agency.
- 23 (4) Career employees within the classified service promoted to positions exempted
- 24 from classified service shall, upon termination of their employment in the exempted
- 25 service, revert to a position in that class in the agency from which they were
- 26 terminated if a vacancy in that class exists. If no such vacancy exists, they shall be
- 27 considered for employment in any vacant position for which they were qualified

1 pursuant to KRS 18A.130 and 18A.135.

2 (5) Nothing in KRS 18A.005 to 18A.200 shall be construed as precluding appointing
3 officers from filling unclassified positions in the manner in which positions in the
4 classified service are filled except as otherwise provided in KRS 18A.005 to
5 18A.200.

6 (6) The positions of employees who are transferred, effective July 1, 1998, from the
7 Cabinet for Workforce Development to the Kentucky Community and Technical
8 College System shall be abolished and the employees' names removed from the
9 roster of state employees. Employees that are transferred, effective July 1, 1998, to
10 the Kentucky Community and Technical College System under KRS Chapter 164
11 shall have the same benefits and rights as they had under KRS Chapter 18A and
12 have under KRS 164.5805; however, they shall have no guaranteed reemployment
13 rights in the KRS Chapter 151B or KRS Chapter 18A personnel systems. An
14 employee who seeks reemployment in a state position under KRS Chapter 151B or
15 KRS Chapter 18A shall have years of service in the Kentucky Community and
16 Technical College System counted towards years of experience for calculating
17 benefits and compensation.

18 (7) On August 15, 2000, all certified and equivalent personnel, all unclassified
19 personnel, and all certified and equivalent and unclassified vacant positions in the
20 Department for Adult Education and Literacy shall be transferred from the
21 personnel system under KRS Chapter 151B to the personnel system under KRS
22 Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel
23 system. All records shall be transferred including accumulated annual leave, sick
24 leave, compensatory time, and service credit for each affected employee. The
25 personnel officers who administer the personnel systems under KRS Chapter 151B
26 and KRS Chapter 18A shall exercise the necessary administrative procedures to
27 effect the change in personnel authority. No certified or equivalent employee in the

1 Department for Adult Education and Literacy shall suffer any penalty in the
2 transfer.

3 (8) On August 15, 2000, secretaries and assistants attached to policymaking positions
4 in the Department for Technical Education and the Department for Adult Education
5 and Literacy shall be transferred from the personnel system under KRS Chapter
6 151B to the personnel system under KRS Chapter 18A. The positions shall be
7 deleted from the KRS Chapter 151B system. All records shall be transferred
8 including accumulated annual leave, sick leave, compensatory time, and service
9 credit for each affected employee. No employee shall suffer any penalty in the
10 transfer.

11 (9) On May 1, 2017, all contract employees of Eastern Kentucky University who are
12 engaged in providing instructional and support services to the Department of
13 Criminal Justice Training shall be transferred to the personnel system under KRS
14 Chapter 18A. All records shall be transferred, including accumulated annual leave,
15 sick leave, compensatory time, and service credit for each affected employee. The
16 personnel officers who administer the personnel systems for Eastern Kentucky
17 University and under KRS Chapter 18A shall exercise the necessary administrative
18 procedures to effect the change in personnel authority. No employee shall suffer
19 any penalty in the transfer.

20 ➔Section 39. KRS 68.182 is amended to read as follows:

21 (1) Occupational license fees levied under KRS 67.083, 68.180, and 68.197 by the
22 fiscal court of a county, consolidated local government, urban-county government,
23 charter county government, or unified local government may apply to racetrack
24 extensions.

25 (2) As used in this section:

26 (a) "Historical horse race" has the same meaning as in KRS 138.511; and

27 (b) 1. "Racetrack extension" means any facility:

- 1 a. Owned, leased, or purchased by an association licensed by the
2 Kentucky Horse Racing and Gaming Corporation~~[Commission]~~
3 under KRS 230.300;
4 b. That meets the definition of "track" under KRS
5 230.210(35)~~[(33)]~~(c); and
6 c. Where pari-mutuel wagering on historical horse races is conducted
7 on terminals approved by the Kentucky Horse Racing and
8 Gaming Corporation~~[Commission]~~.

- 9 2. "Racetrack extension" does not include a facility or real property used
10 for training horses or at which live horse races are run for stakes, purses,
11 or prizes under the jurisdiction of the Kentucky Horse Racing and
12 Gaming Corporation~~[Commission]~~.

13 ➔Section 40. KRS 91.202 is amended to read as follows:

- 14 (1) Occupational license fees levied under KRS 91.200 by the legislative body of a city
15 of the first class may apply to racetrack extensions.

- 16 (2) As used in this section:

- 17 (a) "Historical horse race" has the same meaning as in KRS 138.511; and

- 18 (b) 1. "Racetrack extension" means any facility:

- 19 a. Owned, leased, or purchased by an association licensed by the
20 Kentucky Horse Racing and Gaming Corporation~~[Commission]~~
21 under KRS 230.300;
22 b. That meets the definition of "track" under KRS
23 230.210(35)~~[(33)]~~(c); and
24 c. Where pari-mutuel wagering on historical horse races is conducted
25 on terminals approved by the Kentucky Horse Racing and
26 Gaming Corporation~~[Commission]~~.

- 27 2. "Racetrack extension" does not include a facility or real property used

1 for training horses or at which live horse races are run for stakes, purses,
2 or prizes under the jurisdiction of the Kentucky Horse Racing and
3 Gaming Corporation~~[Commission]~~.

4 ➔Section 41. KRS 92.282 is amended to read as follows:

5 (1) Occupational license fees levied under KRS 92.281 by the legislative body of a city
6 may apply to racetrack extensions.

7 (2) As used in this section:

8 (a) "Historical horse race" has the same meaning as in KRS 138.511; and

9 (b) 1. "Racetrack extension" means any facility:

10 a. Owned, leased, or purchased by an association licensed by the
11 Kentucky Horse Racing and Gaming Corporation~~[Commission]~~
12 under KRS 230.300;

13 b. That meets the definition of "track" under KRS
14 230.210~~(35)~~~~(33)~~(c); and

15 c. Where pari-mutuel wagering on historical horse races is conducted
16 on terminals approved by the Kentucky Horse Racing and
17 Gaming Corporation~~[Commission]~~.

18 2. "Racetrack extension" does not include a facility or real property used
19 for training horses or at which live horse races are run for stakes, purses,
20 or prizes under the jurisdiction of the Kentucky Horse Racing and
21 Gaming Corporation~~[Commission]~~.

22 ➔Section 42. KRS 137.170 is amended to read as follows:

23 (1) Every person engaged in the business of conducting a race meeting at which live
24 horse races are run for stakes, purses, or prizes, under the jurisdiction of the
25 Kentucky Horse Racing and Gaming Corporation~~[Commission]~~, shall pay a
26 tentative license tax to the state, as provided in subsection (2) of this section.

27 (2) Any race track for any year commencing December 1 and ending the following

November 30 for the days upon which races are actually conducted for any stake, purse, or prize, shall pay a license tax based on the average daily mutuel handle for the preceding year as follows:

Average Daily Mutuel Handle	License Tax
\$0 - \$25,000	\$ 0
\$25,000 - \$250,000	\$ 175
\$250,001 - \$450,000	\$ 500
\$450,001 - \$700,000	\$1,000
\$700,001 - \$800,000	\$1,500
\$800,001 - \$900,000	\$2,000
\$900,001 and above	\$2,500

(3) As used in subsection (2) of this section the term "daily mutuel handle" shall mean the total gross amount of money bet or wagered by a race track's patrons by means of pari-mutuel, combination, or French pools on live races conducted by the track.

➔Section 43. KRS 138.510 is amended to read as follows:

(1) (a) Before August 1, 2022, except as provided in paragraph (e) of this subsection and subsection (3) of this section, an excise tax is imposed on all tracks conducting pari-mutuel wagering on live racing under the jurisdiction of the corporation~~[commission]~~ as follows:

1. For each track with a daily average live handle of one million two hundred thousand dollars (\$1,200,000) or above, the tax shall be in the amount of three and one-half percent (3.5%) of all money wagered on live races at the track during the fiscal year; and
2. For each track with a daily average live handle under one million two hundred thousand dollars (\$1,200,000), the tax shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.

- 1 (b) Beginning August 1, 2022, the excise tax imposed on all tracks conducting
2 pari-mutuel wagering on live racing under jurisdiction of the
3 corporation~~commission~~ shall be one and one-half percent (1.5%) of all
4 money wagered on live races at the track during the fiscal year.
- 5 (c) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting
6 pari-mutuel wagering on historical horse races under the jurisdiction of the
7 corporation~~commission~~ at a rate of one and one-half percent (1.5%) of all
8 money wagered on historical horse races at the track during the fiscal year.
- 9 (d) Money shall be deducted from the tax paid under paragraphs (a), (b), and (c)
10 of this subsection and deposited as follows:
- 11 1. a. Before August 1, 2022, an amount equal to three-quarters of one
12 percent (0.75%) of all money wagered on live races and historical
13 horse races at the track for Thoroughbred racing shall be deposited
14 in the Thoroughbred development fund established in KRS
15 230.400; and
- 16 b. Beginning August 1, 2022, an amount equal to three-quarters of
17 one percent (0.75%) of all money wagered on live races and
18 historical horse races at the track for Thoroughbred racing shall be
19 deposited in the Thoroughbred development fund established in
20 KRS 230.400 until forty-five million dollars (\$45,000,000) has
21 been deposited during a fiscal year, at which point the amount
22 deposited in the fund shall decrease to four-tenths of one percent
23 (0.4%) of all money wagered on live and historical horse races at
24 the track for Thoroughbred racing for the remainder of the fiscal
25 year;
- 26 2. a. Before August 1, 2022, an amount equal to one percent (1%) of all
27 money wagered on live races and historical horse races at the track

1 for harness racing shall be deposited in the Kentucky standardbred
2 development fund established in KRS 230.770. Beginning August
3 1, 2022, an amount equal to one percent (1%) of all money
4 wagered on live races at the track for harness racing shall be
5 deposited in the Kentucky standardbred development fund until a
6 total of twenty million dollars (\$20,000,000) has been deposited
7 during a fiscal year from this subparagraph, at which point the
8 amount deposited shall decrease to four-tenths of one percent
9 (0.4%) of all money wagered for the remainder of the fiscal year;
10 and

- 11 b. Beginning August 1, 2022, an amount equal to one percent (1%)
12 of all money wagered on historical horse races at the track for
13 harness racing shall be distributed in the exact amounts based
14 upon contracts between the parties that have been filed with the
15 corporation~~commission~~, but at least one-half (1/2) of the funds
16 shall be deposited into the Kentucky standardbred development
17 fund established in KRS 230.770 until a total of twenty million
18 dollars (\$20,000,000) has been deposited into the Kentucky
19 standardbred development fund during a fiscal year from this
20 subparagraph, at which point the amount deposited in this
21 subdivision shall decrease to four-tenths of one percent (0.4%) of
22 all money wagered for the remainder of the fiscal year. The
23 corporation~~commission~~ shall provide the department all
24 information necessary from the contracts in order for the funds in
25 this subparagraph to be distributed;

- 26 3. An amount equal to one percent (1%) of all money wagered on live
27 races and historical horse races at the track for quarter horse, paint

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

4 4. An amount equal to two-tenths of one percent (0.2%) of all money
5 wagered on live races and historical horse races at the track shall be paid
6 out in equal amounts as follows:

7 a. To the equine industry program trust and revolving fund
8 established by KRS 230.550 to support the Equine Industry
9 Program at the University of Louisville, except that the amount
10 deposited from money wagered on historical horse races in any
11 fiscal year shall not exceed eight hundred fifty thousand dollars
12 (\$850,000);

13 b. To the University of Kentucky for equine industry programs at the
14 university, except that the amount paid from money wagered on
15 historical horse races in any fiscal year shall not exceed four
16 hundred thousand dollars (\$400,000);

17 c. To the Bluegrass Community and Technical College for the
18 provision of equine industry programs by the system, except that
19 the amount paid from money wagered on historical horse races in
20 any fiscal year shall not exceed two hundred fifty thousand dollars
21 (\$250,000);

22 d. Amounts remaining from money wagered on historical horse races
23 in a fiscal year after payments are made in accordance with
24 subdivisions a., b., and c. of this subparagraph shall be distributed
25 in equal amounts to:

26 i. The Kentucky Thoroughbred breeders incentive fund
27 established in KRS 230.800, in an amount not to exceed four

- 1 hundred thousand dollars (\$400,000); and
- 2 ii. The Kentucky standardbred breeders incentive fund
- 3 established in KRS 230.802, in an amount not to exceed one
- 4 hundred thousand dollars (\$100,000); and
- 5 e. Any amounts remaining from money wagered on historical horse
- 6 races in a fiscal year after payments are made in accordance with
- 7 subdivisions a., b., c., and d. of this subparagraph shall be paid to
- 8 the general fund;
- 9 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
- 10 wagered on live races and historical horse races at the track shall
- 11 be deposited in a trust and revolving fund to be used for the
- 12 construction, expansion, or renovation of facilities or the purchase
- 13 of equipment for equine programs at state universities, except that
- 14 the amount deposited from money wagered on historical horse
- 15 races in any fiscal year shall not exceed three hundred twenty
- 16 thousand dollars (\$320,000).
- 17 b. These funds shall not be used for salaries or for operating funds
- 18 for teaching, research, or administration. Funds allocated under
- 19 this subparagraph shall not replace other funds for capital purposes
- 20 or operation of equine programs at state universities.
- 21 c. The Kentucky Council on Postsecondary Education shall serve as
- 22 the administrative agent and shall establish an advisory committee
- 23 of interested parties, including all universities with established
- 24 equine programs, to evaluate proposals and make
- 25 recommendations for the awarding of funds.
- 26 d. The Kentucky Council on Postsecondary Education may
- 27 promulgate administrative regulations to establish procedures for

1 administering the program and criteria for evaluating and awarding
2 grants; and

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

9 (e) The excise tax imposed by paragraphs (a) and (b) of this subsection shall not
10 apply to pari-mutuel wagering on live harness racing at a county fair.

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

- 13 1. All tracks conducting telephone account wagering;
14 2. All tracks participating as receiving tracks in intertrack wagering under
15 the jurisdiction of the corporation~~commission~~; and
16 3. All tracks participating as receiving tracks displaying simulcasts and
17 conducting interstate wagering thereon.

18 (b) 1. Before August 1, 2022, the tax shall be three percent (3%) of all money
19 wagered on races as provided in paragraph (a) of this subsection during
20 the fiscal year.

21 2. Beginning August 1, 2022, the tax shall be one and one-half percent
22 (1.5%) of all money wagered on races as provided in paragraph (a) of
23 this subsection during the fiscal year.

24 (c) A noncontiguous track facility approved by the corporation~~commission~~ on
25 or after January 1, 1999, shall be exempt from the tax imposed under this
26 subsection, if the facility is established and operated by a licensed track which
27 has a total annual handle on live racing of two hundred fifty thousand dollars

1 (\$250,000) or less. The amount of money exempted under this paragraph shall
2 be retained by the noncontiguous track facility, KRS 230.3771 and 230.378
3 notwithstanding.

4 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
5 this subsection as follows:

6 1. An amount equal to one percent (1%) of the amount wagered shall be
7 deposited as follows:

8 a. In the Thoroughbred development fund established in KRS
9 230.400 if the host track is conducting a Thoroughbred race
10 meeting or the interstate wagering is conducted on a Thoroughbred
11 race meeting;

12 b. In the Kentucky standardbred development fund established in
13 KRS 230.770, if the host track is conducting a harness race
14 meeting or the interstate wagering is conducted on a harness race
15 meeting; or

16 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
17 Arabian development fund established by KRS 230.445, if the host
18 track is conducting a quarter horse, paint horse, Appaloosa, or
19 Arabian horse race meeting or the interstate wagering is conducted
20 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
21 meeting;

22 2. An amount equal to twenty-five thousandths of one percent (0.025%) of
23 the amount wagered shall be allocated to the equine industry program
24 trust and revolving fund established by KRS 230.550 to be used to
25 support the Equine Industry Program at the University of Louisville;

26 3. An amount equal to one-twentieth of one percent (0.05%) of the amount
27 wagered shall be deposited in a trust and revolving fund to be used for

1 the construction, expansion, or renovation of facilities or the purchase of
2 equipment for equine programs at state universities, as detailed in
3 subsection (1)(d)5. of this section; and

4 4. An amount equal to one-twentieth of one percent (0.05%) of the amount
5 wagered shall be distributed to the corporation~~[commission]~~ to support
6 equine drug testing as provided in KRS 230.265(3).

7 (3) If a host track in this state is the location for the conduct of a two (2) day
8 international horse racing event that distributes in excess of a total of twenty million
9 dollars (\$20,000,000) in purses and awards:

10 (a) The excise tax imposed by subsection (1)(a) and (b) of this section shall not
11 apply to money wagered at the track on live races conducted at the track
12 during the two (2) day international horse racing event; and

13 (b) Amounts wagered at the track on live races conducted at the track during the
14 two (2) day international horse racing event shall not be included in
15 calculating the daily average live handle for purposes of subsection (1) of this
16 section.

17 (4) The taxes imposed by this section shall be paid, collected, and administered as
18 provided in KRS 138.530.

19 ➔Section 44. KRS 138.511 is amended to read as follows:

20 As used in KRS 138.510 to 138.550:

21 (1) "Advanced deposit account wagering" has the same meaning as in KRS 230.210;

22 (2) "Advanced deposit account wagering license" has the same meaning as in KRS
23 230.210;

24 (3) "Association" has the same meaning as in KRS 230.210;

25 (4) "Corporation~~[Commission]~~" means the Kentucky Horse Racing and Gaming
26 Corporation~~[Commission]~~;

27 (5) "Daily average live handle" means:

- 1 (a) The handle from wagers made at a track on live racing during the fiscal year,
2 excluding amounts wagered:
- 3 1. At a receiving track;
 - 4 2. At a simulcast facility;
 - 5 3. On telephone account wagering;
 - 6 4. Through advance deposit account wagering;
 - 7 5. At a track participating as a receiving track or simulcast facility
8 displaying simulcasts and conducting interstate wagering as permitted
9 by KRS 230.3771 and 230.3773; and
 - 10 6. Beginning April 1, 2014, on historical horse races;
11 divided by:
- 12 (b) The total number of days that live racing was conducted at the track during
13 the fiscal year;
- 14 (6) "Department" means the Department of Revenue;
- 15 (7) "Fiscal year" means a time frame beginning 12:01 a.m. July 1, and ending 12
16 midnight June 30;
- 17 (8) "Handle" means total wagers made on a race;
- 18 (9) (a) "Historical horse race" means any horse race that:
- 19 1. Was previously run at a licensed pari-mutuel facility in the United
20 States;
 - 21 2. Concluded with official results; and
 - 22 3. Concluded without scratches, disqualifications, or dead-heat finishes.
- 23 (b) As used in this subsection, the terms "pari-mutuel," "scratch,"
24 "disqualification," and "dead heat" have the same meaning as established by
25 the corporation~~commission~~ pursuant to an administrative regulation
26 promulgated under KRS Chapter 13A;
- 27 (10) "Host track" has the same meaning as in KRS 230.210;

- 1 (11) "Interstate wagering" has the same meaning as in KRS 230.210;
- 2 (12) "Intertrack wagering" has the same meaning as in KRS 230.210;
- 3 (13) "Kentucky resident" means:
- 4 (a) An individual domiciled within this state;
- 5 (b) An individual who maintains a place of abode in this state and spends, in the
- 6 aggregate, more than one hundred eighty-three (183) days of the taxable year
- 7 in this state; or
- 8 (c) An individual who lists a Kentucky address as his or her principal place of
- 9 residence when applying for an account to participate in advance deposit
- 10 account wagering;
- 11 (14) "Receiving track" has the same meaning as in KRS 230.210;
- 12 (15) "Simulcast facility" has the same meaning as in KRS 230.210;
- 13 (16) "Takeout" means that portion of the handle which is distributed to persons other
- 14 than those making wagers;
- 15 (17) "Telephone account wagering" has the same meaning as in KRS 230.210; and
- 16 (18) "Track" has the same meaning as in KRS 230.210.
- 17 ➔Section 45. KRS 138.513 is amended to read as follows:
- 18 (1) (a) Beginning August 1, 2014, but before August 1, 2022, an excise tax is
- 19 imposed on all advance deposit account wagering licensees licensed under
- 20 KRS 230.260 at a rate of one-half of one percent (0.5%) of all amounts
- 21 wagered through the licensee by Kentucky residents; and
- 22 (b) Beginning August 1, 2022, an excise tax is imposed on all advance deposit
- 23 account wagering licensees licensed under Section 9 of this Act~~KRS~~
- 24 ~~138.675~~ at a rate of one and one-half percent (1.5%) of all amounts wagered
- 25 through the licensee by Kentucky residents.
- 26 (2) The tax imposed by this section shall be paid, collected, administered, and
- 27 distributed as provided in KRS 138.530.

1 ➔Section 46. KRS 138.530 is amended to read as follows:

- 2 (1) The department shall enforce the provisions of and collect the tax and penalties
3 imposed and other payments required by KRS 138.510 to 138.550, and in doing so
4 it shall have the general powers and duties granted it in KRS Chapters 131 and 135,
5 including the power to enforce, by an action in the Franklin Circuit Court, the
6 collection of the tax, penalties and other payments imposed or required by KRS
7 138.510 to 138.550.
- 8 (2) (a) The remittance of the taxes imposed by KRS 138.510 shall be made weekly to
9 the department no later than the fifth business day, excluding Saturday and
10 Sunday, following the close of each week of racing, during each race meeting,
11 and following the close of each week when historical horse races are
12 conducted, and shall be accompanied by reports as prescribed by the
13 department.
- 14 (b) Except as otherwise provided in KRS 138.510 to 138.550, all funds received
15 by the department from the taxes imposed by KRS 138.510 shall be paid into
16 the State Treasury and shall be credited to the general fund.
- 17 (c) The supervisor of pari-mutuel betting appointed by the
18 corporation~~commission~~ shall weekly, during each race meeting, and during
19 each week when historical horse races are conducted, report to the department
20 the total amount bet or handled the preceding week and the amount of tax due
21 the state thereon, under the provisions of KRS 138.510 to 138.550.
- 22 (d) The supervisor of pari-mutuel betting appointed by the
23 corporation~~commission~~ or his or her duly authorized representatives shall,
24 at all reasonable times, have access to all books, records, issuing or vending
25 machines, adding machines, and all other pari-mutuel equipment for the
26 purpose of examining and checking the same and ascertaining whether or not
27 the proper amount or amounts due the state are being or have been paid.

- 1 (e) Every person, corporation, or association required to pay the tax imposed by
2 KRS 138.510 shall keep its books and records so as to clearly show by a
3 separate record the total amount of money contributed to every pari-mutuel
4 pool.
- 5 (3) (a) The remittance of the tax imposed by KRS 138.513 shall be made weekly to
6 the department no later than the first business day of the week next
7 succeeding the week during which the wagers forming the base of the tax
8 were received.
- 9 (b) Along with the remittance of the tax, each advance deposit account wagering
10 licensee shall file a return that includes the information required by the
11 department.
- 12 (c) Every advance deposit account wagering licensee shall keep its books and
13 records in such a manner that:
- 14 1. Kentucky residents having accounts with the advance deposit account
15 wagering licensee can be individually identified and their identity and
16 residence verified; and
- 17 2. The amount wagered through each account held by a Kentucky resident
18 and the date of each wager can be determined and verified.
- 19 (d) All books and records of the advance deposit account wagering licensee
20 required by paragraph (c) of this subsection and any books and records that
21 the department requires a licensee to maintain through promulgation of an
22 administrative regulation shall be open to inspection by the department and
23 the corporation~~commission~~.
- 24 (e) All revenue received by the department from the tax imposed by KRS
25 138.513 shall be distributed as follows:
- 26 1. Fifteen percent (15%) shall be distributed to the Commonwealth and
27 credited to the general fund; and

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

18 ➔Section 47. KRS 138.550 is amended to read as follows:

19 In addition to all other penalties provided in KRS 138.510 to 138.540:

- (1) When the pari-mutuel system of betting is operated at a track licensed under KRS Chapter 230, the license may be suspended, revoked, or renewal refused by the corporation~~[commission]~~ upon the failure of the operator to comply with KRS 138.510 to 138.540 or the rules and regulations promulgated by the department pursuant thereto, even though the pari-mutuel system of betting and the track are operated by different persons, corporations, or associations; and
- (2) Any advance deposit account wagering licensee that fails to remit the tax imposed by KRS 138.513, to remit returns required by KRS 138.530, or to maintain the

1 records required by KRS 138.530 or administrative regulations promulgated by the
2 department, may have the license granted under KRS 230.260 suspended, revoked,
3 or not renewed by the corporation~~[commission]~~.

4 ➔Section 48. KRS 138.552 is amended to read as follows:

5 (1) As used in this section:

6 (a) "Adjusted gross revenue" means the total sum of wagers collected on all
7 sporting events, less winnings paid to participants in the contest and all excise
8 taxes paid pursuant to federal law;

9 (b) "Department" means Department of Revenue;

10 (c) "Sporting event" has the same meaning as in KRS 230.210;

11 (d) "Sports wagering" has the same meaning as in KRS 230.210; and

12 (e) "Taxpayer" means any person liable for tax under this section.

13 (2) An excise tax is imposed on persons licensed to conduct sports wagering under
14 KRS 230.811 and 230.814 at a rate of:

15 (a) Nine and three-quarters percent (9.75%) on the adjusted gross revenue on
16 wagers placed at the licensed track; and

17 (b) Fourteen and one-quarter percent (14.25%) on the adjusted gross revenue on
18 wagers placed online via websites or mobile applications or other off-site
19 technology approved by the Kentucky Horse Racing and Gaming
20 Corporation~~[Commission]~~;

21 and shall be appropriated to the sports wagering administration fund established in
22 KRS 230.817 and appropriated for the purposes established in that section.

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

- 1 (4) The tax imposed by this section is due and payable to the department monthly and
2 shall be remitted on or before the twentieth day of the next succeeding calendar
3 month. If a taxpayer's adjusted gross revenue for a month is a negative number, the
4 taxpayer may carry over the negative amount to the return filed for the subsequent
5 month. However, no amount shall be carried over in any period more than twelve
6 (12) months after the month in which the amount carried over was originally due.
- 7 (5) (a) Payment shall be accompanied by a return prescribed by the department.
8 (b) The return form shall report, at a minimum:
- 9 1. The total sum of wagers collected in person and electronically through a
10 mobile application;
 - 11 2. Winnings paid in person and electronically through a mobile
12 application;
 - 13 3. Adjusted gross revenue in person and electronically through a mobile
14 application;
 - 15 4. Tax rates applied to adjusted gross revenue in person and electronically
16 through a mobile application;
 - 17 5. The tax due from adjusted gross revenues in person and electronically
18 through a mobile application;
 - 19 6. Federal excise taxes paid; and
20 7. The total wagering tax due.
- 21 (6) Wagering taxes due and payable in accordance with this section shall be paid via
22 electronic funds transfer. The taxpayer shall provide the department with all
23 protocol documentation and electronic funds transfer data necessary to facilitate the
24 timely transfer of funds.
- 25 (7) Any taxpayer who violates any provision of this section shall be subject to the
26 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax
27 interest rate as defined in KRS 131.010(6).

1 (8) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ may suspend,
2 revoke, or decline to renew a license upon the taxpayer's failure to timely submit
3 payment of taxes due under this section or the administrative regulations
4 promulgated by the department.

5 (9) The taxes imposed by this section shall be in lieu of all other state and local taxes
6 and fees imposed on the operation of, or the proceeds from, the operation of sports
7 wagering.

8 ➔Section 49. KRS 139.200 is amended to read as follows:

9 A tax is hereby imposed upon all retailers at the rate of six percent (6%) of the gross
10 receipts derived from:

11 (1) Retail sales of:

12 (a) Tangible personal property, regardless of the method of delivery, made within
13 this Commonwealth; and

14 (b) Digital property regardless of whether:

15 1. The purchaser has the right to permanently use the property;

16 2. The purchaser's right to access or retain the property is not permanent;
17 or

18 3. The purchaser's right of use is conditioned upon continued payment; and

19 (2) The furnishing of the following services:

20 (a) The rental of any room or rooms, lodgings, campsites, or accommodations
21 furnished by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds,
22 recreational vehicle parks, or any other place in which rooms, lodgings,
23 campsites, or accommodations are regularly furnished to transients for a
24 consideration. The tax shall not apply to rooms, lodgings, campsites, or
25 accommodations supplied for a continuous period of thirty (30) days or more
26 to a person;

27 (b) Sewer services;

- 1 (c) The sale of admissions, except:
- 2 1. Admissions to enter the grounds or enclosure of any track licensed
- 3 under KRS Chapter 230 at which live horse racing or historical horse
- 4 racing is being conducted under the jurisdiction of the Kentucky Horse
- 5 Racing and Gaming Corporation~~[Commission]~~;
- 6 2. Admissions taxed under KRS 229.031;
- 7 3. Admissions that are charged by nonprofit educational, charitable, or
- 8 religious institutions and for which an exemption is provided under KRS
- 9 139.495; and
- 10 4. Admissions that are charged by nonprofit civic, governmental, or other
- 11 nonprofit organizations and for which an exemption is provided under
- 12 KRS 139.498;
- 13 (d) Prepaid calling service and prepaid wireless calling service;
- 14 (e) Intrastate, interstate, and international communications services as defined in
- 15 KRS 139.195, except the furnishing of pay telephone service as defined in
- 16 KRS 139.195;
- 17 (f) Distribution, transmission, or transportation services for natural gas that is for
- 18 storage, use, or other consumption in this state, excluding those services
- 19 furnished:
- 20 1. For natural gas that is classified as residential use as provided in KRS
- 21 139.470(7); or
- 22 2. To a seller or reseller of natural gas;
- 23 (g) Landscaping services, including but not limited to:
- 24 1. Lawn care and maintenance services;
- 25 2. Tree trimming, pruning, or removal services;
- 26 3. Landscape design and installation services;
- 27 4. Landscape care and maintenance services; and

- 1 5. Snow plowing or removal services;
- 2 (h) Janitorial services, including but not limited to residential and commercial
- 3 cleaning services, and carpet, upholstery, and window cleaning services;
- 4 (i) Small animal veterinary services, excluding veterinary services for equine,
- 5 cattle, poultry, swine, sheep, goats, llamas, alpacas, ratite birds, buffalo, and
- 6 cervids;
- 7 (j) Pet care services, including but not limited to grooming and boarding
- 8 services, pet sitting services, and pet obedience training services;
- 9 (k) Industrial laundry services, including but not limited to industrial uniform
- 10 supply services, protective apparel supply services, and industrial mat and rug
- 11 supply services;
- 12 (l) Non-coin-operated laundry and dry cleaning services;
- 13 (m) Linen supply services, including but not limited to table and bed linen supply
- 14 services and nonindustrial uniform supply services;
- 15 (n) Indoor skin tanning services, including but not limited to tanning booth or
- 16 tanning bed services and spray tanning services;
- 17 (o) Non-medical diet and weight reducing services;
- 18 (p) Extended warranty services;
- 19 (q) Photography and photofinishing services;
- 20 (r) Telemarketing services;
- 21 (s) Public opinion and research polling services;
- 22 (t) Lobbying services;
- 23 (u) Executive employee recruitment services;
- 24 (v) Website design and development services;
- 25 (w) Website hosting services;
- 26 (x) Facsimile transmission services;
- 27 (y) Private mailroom services, including:

- 1 1. Presorting mail and packages by postal code;
- 2 2. Address barcoding;
- 3 3. Tracking;
- 4 4. Delivery to postal service; and
- 5 5. Private mailbox rentals;
- 6 (z) Bodyguard services;
- 7 (aa) Residential and nonresidential security system monitoring services, excluding
- 8 separately stated onsite security guard services;
- 9 (ab) Private investigation services;
- 10 (ac) Process server services;
- 11 (ad) Repossession of tangible personal property services;
- 12 (ae) Personal background check services;
- 13 (af) Parking services;
- 14 1. Including:
- 15 a. Valet services; and
- 16 b. The use of parking lots and parking structures; but
- 17 2. Excluding any parking services at an educational institution;
- 18 (ag) Road and travel services provided by automobile clubs as defined in KRS
- 19 281.010;
- 20 (ah) Condominium time-share exchange services;
- 21 (ai) Rental of space for meetings, conventions, short-term business uses,
- 22 entertainment events, weddings, banquets, parties, and other short-term social
- 23 events;
- 24 (aj) Social event planning and coordination services;
- 25 (ak) Leisure, recreational, and athletic instructional services;
- 26 (al) Recreational camp tuition and fees;
- 27 (am) Personal fitness training services;

- 1 (an) Massage services, except when medically necessary;
- 2 (ao) Cosmetic surgery services;
- 3 (ap) Body modification services, including tattooing, piercing, scarification,
- 4 branding, tongue splitting, transdermal and subdermal implants, ear pointing,
- 5 teeth pointing, and any other modifications that are not necessary for medical
- 6 or dental health;
- 7 (aq) Laboratory testing services, excluding laboratory testing:
- 8 1. For medical, educational, or veterinary reasons; or
- 9 2. Required by a federal, state, or local statute, regulation, court order, or
- 10 other government-related requirement;
- 11 (ar) Interior decorating and design services;
- 12 (as) Household moving services;
- 13 (at) Specialized design services, including the design of clothing, costumes,
- 14 fashion, furs, jewelry, shoes, textiles, and lighting;
- 15 (au) Lapidary services, including cutting, polishing, and engraving precious
- 16 stones;
- 17 (av) Labor and services to repair or maintain commercial refrigeration equipment
- 18 and systems when no tangible personal property is sold in that transaction
- 19 including service calls and trip charges;
- 20 (aw) Labor to repair or alter apparel, footwear, watches, or jewelry when no
- 21 tangible personal property is sold in that transaction; and
- 22 (ax) Prewritten computer software access services.

23 ➔Section 50. KRS 230.218 is amended to read as follows:

- 24 (1) There is established, under the jurisdiction of the Kentucky Horse Racing and
- 25 Gaming Corporation~~[Commission]~~, the backside improvement fund. This
- 26 revolving fund shall consist of money allocated to the fund under the provisions of
- 27 KRS 230.3615, together with any other money which may be contributed to or

1 allocated to the fund from all other sources. Money to the credit of the backside
2 improvement fund at the end of each fiscal year shall not lapse but shall be carried
3 forward in the fund to the succeeding fiscal year. The Kentucky Horse Racing and
4 Gaming Corporation~~[Commission]~~ may invest any and all funds received by the
5 fund and interest earned by the investment of said funds in types of investments
6 appropriate to the investment needs of the fund after having considered the financial
7 return on authorized investment alternatives, the financial safety of investment
8 alternatives and the impact of any authorized investments on the state's economy.
9 The corporation~~[racing commission]~~ shall review the status of the fund investments
10 quarterly and report its findings to the Finance and Administration Cabinet and the
11 Legislative Research Commission.

12 (2) The purpose of the fund shall be to improve the backside of Thoroughbred racing
13 associations averaging one million two hundred thousand dollars (\$1,200,000) or
14 less pari-mutuel handle per racing day on live racing. The Kentucky Horse Racing
15 and Gaming Corporation~~[Commission]~~ shall use the backside improvement fund
16 to promote, enhance, and improve the conditions of the backside of eligible racing
17 associations. Conditions considered shall include but not be limited to the living
18 and working quarters of backside employees.

19 (3) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
20 promulgate administrative regulations as may be necessary to carry out the
21 provisions and purposes of this section.

22 ➔Section 51. KRS 230.240 is amended to read as follows:

23 (1) (a) In addition to the employees referred to in KRS 230.230, the
24 president~~[executive director]~~ of the corporation~~[racing commission]~~ may
25 employ, dismiss, or take other personnel action and determine the reasonable
26 compensation of stewards, supervisors of mutuels, supervisors of sports
27 wagering, veterinarians, inspectors, accountants, security officers, and other

employees deemed by the president~~[executive director]~~ to be essential at or in connection with any horse race meeting and in the best interest of racing, or those deemed by the president~~[executive director]~~ to be integral to the conduct of sports wagering.

(b) Three (3) Thoroughbred stewards shall be employed at each Thoroughbred race meeting as follows:

1. Two (2) stewards shall be employed and compensated by the Commonwealth, subject to reimbursement by the racing associations pursuant to subsection (3) of this section; and
2. One (1) Thoroughbred steward shall be employed and compensated by the racing association hosting the race meeting.

(c) Three (3) standardbred judges shall be employed at each standardbred race meeting as follows:

1. Two (2) standardbred judges shall be employed and compensated by the Commonwealth, subject to reimbursement by the racing associations pursuant to subsection (3) of this section; and
2. One (1) standardbred judge shall be employed and compensated by the racing association hosting the race meeting.

(d) The security officers shall be peace officers and conservators of the peace on corporation~~[racing commission]~~ property and at all race tracks and grounds in the Commonwealth and shall possess all the common law and statutory powers and privileges now available or hereafter made available to sheriffs, constables granted police powers, and police officers for the purpose of enforcing all laws relating directly or indirectly to the conduct of horse racing and pari-mutuel wagering thereon, the conduct of sports wagering, or the enforcement of laws relating to the protection of persons or property on premises licensed by the corporation~~[racing commission]~~.

- 1 (e) The corporation~~[racing commission]~~, for the purpose of maintaining integrity
2 and honesty in racing, shall prescribe by administrative regulation the powers
3 and duties of the persons employed under this section and qualifications
4 necessary to competently perform their duties. In addition, the
5 corporation~~[racing commission]~~ shall be responsible for seeing that racing
6 officials employed under the provisions of this section have adequate training
7 to perform their duties in a competent manner.
- 8 (2) (a) The corporation~~[racing commission]~~ shall promulgate administrative
9 regulations for effectively preventing the use of improper devices at race
10 meetings or in the conduct of sports wagering, and restricting or prohibiting
11 the use and administration of drugs or stimulants or other improper acts to
12 horses prior to the horse participating in a race.
- 13 (b) The corporation~~[racing commission]~~ may acquire, operate, and maintain, or
14 contract for the maintenance and operation of, a testing laboratory and related
15 facilities, for the purpose of saliva, urine, or other tests, and to purchase
16 supplies and equipment for and in connection with the laboratory or testing
17 processes.
- 18 (c) The expense of the laboratory or other testing processes, whether furnished by
19 contract or otherwise, together with all supplies and equipment used in
20 connection therewith, shall be paid by the various associations licensed under
21 this chapter in the manner and in proportions as the corporation~~[racing~~
22 ~~commission]~~ shall by administrative regulation provide.
- 23 (3) (a) The expenses of the corporation~~[commission]~~ and the compensation of all
24 employees referred to in this section shall be paid by the licensee conducting a
25 horse race meeting or pari-mutuel wagering on live or historic horse racing,
26 provided that the expenses of the corporation~~[commission]~~ and the
27 compensation of employees under this section related to administering the

1 system of sports wagering shall be paid by the sports wagering administration
2 fund established in KRS 230.817.

3 (b) The salary of the president~~[executive director]~~ to the corporation~~[racing~~
4 ~~commission]~~ shall be prorated among and paid by the various persons
5 licensed under this chapter in the manner as the corporation~~[racing~~
6 ~~commission]~~ shall, by administrative regulation, provide.

7 (c) Except for the Thoroughbred steward and the standardbred judge authorized
8 in subsection (1) of this section, the employees referred to in this section shall
9 be deemed employees of the corporation~~[racing commission]~~, and are paid by
10 the licensee or association.

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

15 ➔Section 52. KRS 230.265 is amended to read as follows:

16 (1) (a) There is hereby created a panel, to be known as the Kentucky Equine Drug
17 Research Council, to advise the corporation~~[racing commission]~~ on the
18 conduct of equine drug research and testing commissioned by the Kentucky
19 Horse Racing and Gaming Corporation~~[Commission]~~.

20 (b) The council shall consist of nine (9) members appointed by the Governor. It is
21 recommended that the Governor appoint one (1) person from each of the
22 following groups, organizations, or professions:

- 23 1. A veterinarian, selected from a list of three (3) submitted by the
24 Kentucky Association of Equine Veterinarians;
- 25 2. A horseman, selected from a list of three (3) submitted by the Kentucky
26 division of the Horsemen's Benevolent and Protective Association;
- 27 3. A pharmacologist, selected from a list of three (3) submitted by the

- 1 University of Kentucky;
- 2 4. A Thoroughbred breeder, selected from a list of three (3) submitted by
- 3 the Kentucky Thoroughbred Owners and Breeders, Inc.;
- 4 5. A legislator, selected from a list of three (3) submitted by the Legislative
- 5 Research Commission;
- 6 6. A representative of a licensed racing association, chosen by the
- 7 Governor;
- 8 7. A member of the harness racing industry, selected from a list of three (3)
- 9 submitted by the chairman of the Kentucky Horse Racing and Gaming
- 10 Corporation~~[Commission]~~;
- 11 8. A member selected from a list of three (3) submitted by the Kentucky
- 12 Harness Horsemen's Association; and
- 13 9. A member of the Kentucky Horse Racing and Gaming
- 14 Corporation~~[Commission]~~, selected from a list of three (3) submitted by
- 15 the chairman of the Kentucky Horse Racing and Gaming
- 16 Corporation~~[Commission]~~, to serve as chairman.
- 17 (c) The council shall meet at the call of the chairman, a majority of the council, or
- 18 at the request of the corporation~~[racing commission]~~. Members shall serve at
- 19 the pleasure of their respective sponsoring organizations and shall receive no
- 20 compensation for serving.
- 21 (2) The Kentucky Equine Drug Research Council shall:
- 22 (a) Review equine drug research and testing research being conducted at the
- 23 University of Kentucky, or with state funds;
- 24 (b) Review and report to the corporation~~[racing commission]~~ on drug research
- 25 and testing research being conducted elsewhere;
- 26 (c) Advise the corporation~~[racing commission]~~ and make recommendations for
- 27 establishing an effective drug regulatory policy for Kentucky racing; and

1 (d) Report to the General Assembly any needed changes regarding the regulation
2 of drugs in horse racing in the Commonwealth of Kentucky.

3 (3) (a) The funds received by the corporation~~[racing commission]~~ pursuant to KRS
4 138.510 shall be used for financing:
5 1. Drug research;
6 2. Testing research;
7 3. Equine medical research;
8 4. Equine health research issues; and
9 5. Any regulatory or administrative activity of the corporation~~[racing~~
10 ~~commission]~~ that is related to the research and issues described in
11 subparagraphs 1. to 4. of this paragraph. Any expenditure under this
12 subsection shall relate to the racing industry in Kentucky.

13 (b) In authorizing expenditures, the council and the corporation~~[racing~~
14 ~~commission]~~ shall give funding priority to the activities described in this
15 subsection which will take place, or are proposed to take place, in Kentucky
16 over similar activities taking place outside Kentucky. However, expenditures
17 under this subsection in furtherance of activities taking place outside
18 Kentucky may be approved if the council and the corporation~~[racing~~
19 ~~commission]~~ determine that those expenditures will contribute to
20 improvement in Kentucky's racing industry and to the development of a useful
21 knowledge base relating to the subjects expressed in paragraph (a)1. to 5. of
22 this subsection.

23 (c) The money received under this subsection shall be in addition to any funds
24 appropriated to the corporation~~[racing commission]~~ for these purposes in the
25 executive budget.

26 ➔Section 53. KRS 230.270 is amended to read as follows:

27 The corporation~~[racing commission]~~ shall biennially make a full report to the General

1 Assembly of its proceedings for the two-year period ending December 31 preceding the
2 meeting of the General Assembly and may embody in the report such suggestions and
3 recommendations as it deems desirable.

4 ➔Section 54. KRS 230.280 is amended to read as follows:

5 (1) No person shall hold or conduct any horse race meeting for any stake, purse, or
6 reward within the Commonwealth of Kentucky without securing the required
7 license from the corporation~~[racing commission]~~.

8 (2) The corporation~~[racing commission]~~ shall investigate the qualifications of each
9 applicant for a license to conduct a horse race meeting or the renewal of a license to
10 conduct a horse race meeting. The corporation~~[racing commission]~~ may issue or
11 renew a license unless the corporation~~[racing commission]~~ determines that:

12 (a) The track location, traffic flow, facilities for the public, and facilities for
13 racing participants and horses do not meet state code or are otherwise
14 inadequate to protect the public health and safety;

15 (b) The racing dates and times requested conflict with another race meeting of the
16 same breed of horse;

17 (c) The financing or proposed financing of the entire operation is not adequate for
18 the operation or is from an unsuitable source;

19 (d) The applicant or licensee has failed to disclose or has misstated information or
20 otherwise attempted to mislead the corporation~~[racing commission]~~ with
21 respect to any material fact contained in the application for the issuance or
22 renewal of the license;

23 (e) The applicant has knowingly failed to comply with the provision of this
24 chapter or any administrative regulations promulgated thereunder;

25 (f) Any of the principals of the applicant or licensee is determined to be
26 unsuitable because he or she has:

27 1. Been convicted of any crime of moral turpitude, embezzlement, or

- 1 larceny, or any violation of any law pertaining to illegal gaming or
2 gambling, or any crime that is inimical to the declared policy of the
3 Commonwealth of Kentucky with regard to horse racing and pari-
4 mutuel wagering thereon;
- 5 2. Been convicted in any jurisdiction within ten (10) years preceding initial
6 licensing or license renewal of any crime that is or would be a felony or
7 class A misdemeanor in the Commonwealth of Kentucky;
- 8 3. Been identified in the published reports of any federal or state legislative
9 or executive body as being a member or associate of organized crime, or
10 of being of notorious or unsavory reputation;
- 11 4. Been placed and remains in the custody of any federal, state, or local
12 law enforcement authority;
- 13 5. Had a racing or gaming license revoked in another jurisdiction on
14 grounds that would have been grounds for revoking the license in
15 Kentucky; or
- 16 6. Engaged in any other activities that would pose a threat to the public
17 interest or to the effective regulation of horse racing and wagering in
18 Kentucky, or enhance the dangers of unsuitable, unfair, or illegal
19 practices, methods, and activities in the conduct of racing and wagering
20 or in the operation of the business and financial arrangements incidental
21 thereto; or
- 22 (g) The applicant or licensee has had a racing or gaming license denied or
23 revoked in another jurisdiction on grounds that would be grounds for license
24 denial or revocation in Kentucky.
- 25 ➔Section 55. KRS 230.290 is amended to read as follows:
- 26 All licenses granted under this chapter:
- 27 (1) Shall be in writing;

- 1 (2) Shall be subject to all administrative regulations and conditions as may from time to
2 time be prescribed by the corporation~~[racing commission]~~;
- 3 (3) Shall contain conditions as may be considered necessary or desirable by the
4 corporation~~[racing commission]~~ for purposes of this chapter; and
- 5 (4) No license shall extend beyond the end of the calendar year for which it was issued,
6 unless the license expires on the last date of the birth month of the licensee, in
7 which case it may expire on that date. The corporation~~[racing commission]~~ may
8 renew any license and any renewal shall not be construed to be a waiver or
9 condonement of any violation which occurred prior to renewal and shall not prevent
10 subsequent proceedings against the licensee therefor.
- 11 ➔Section 56. KRS 230.300 is amended to read as follows:
- 12 (1) Any person desiring to conduct horse racing at a horse race meeting within the
13 Commonwealth of Kentucky or to engage in simulcasting and intertrack wagering
14 as a receiving track during any calendar year shall first apply to the
15 corporation~~[racing commission]~~ for a license to do so. The application shall be
16 filed at the corporation's~~[racing commission's]~~ general office on or before October
17 1 of the preceding year with respect to applications to conduct live horse race
18 meetings, and with respect to intertrack wagering dates, and on forms prescribed by
19 the corporation~~[racing commission]~~. The application shall include the following
20 information:
- 21 (a) The full name and address of the person making application;
- 22 (b) The location of the place, track, or enclosure where the applicant proposes to
23 conduct horse racing meetings;
- 24 (c) The dates on which the applicant intends to conduct horse racing, which shall
25 be successive days unless authorized by the corporation~~[racing commission]~~;
- 26 (d) The proposed hours of each racing day and the number of races to be
27 conducted;

- 1 (e) The names and addresses of all principals associated with the applicant or
2 licensee;
- 3 (f) The type of organizational structure under which the applicant operates, i.e.,
4 partnership, trust, association, limited liability company, or corporation, and
5 the address of the principal place of business of the organization;
- 6 (g) Any criminal activities in any jurisdiction for which any individual listed
7 under paragraphs (a) and (e) has been arrested or indicted and the disposition
8 of the charges, and any current or on-going criminal investigation of which
9 any of these individuals is the subject; and
- 10 (h) Any other information that the corporation~~racing commission~~ by
11 administrative regulation deems relevant and necessary to determine the
12 fitness of the applicant to receive a license, including fingerprints of any
13 individual listed under paragraphs (a) and (e), if necessary for proper
14 identification of the individual or a determination of suitability to be
15 associated with a licensed racing association.
- 16 (2) An application for association license shall be accompanied by the following
17 documents:
- 18 (a) For a new license applicant, a financial statement prepared and attested to by a
19 certified public accountant in accordance with generally accepted accounting
20 principles, showing the following:
- 21 1. The net worth of the applicant;
- 22 2. Any debts or financial obligations owed by the applicant and the persons
23 to whom owed; and
- 24 3. The proposed or current financing structure for the operation and the
25 sources of financing.
- 26 (b) For a license renewal applicant, an audited financial statement for the prior
27 year;

- 1 (c) A copy of the applicant's federal and state tax return for the previous year.
2 Tax returns submitted in accordance with this provision shall be treated as
3 confidential;
- 4 (d) A statement from the Department of Revenue that there are no delinquent
5 taxes or other financial obligations owed by the applicant to the state or any of
6 its agencies or departments;
- 7 (e) A statement from the county treasurer of the county in which the applicant
8 conducts or proposes to conduct horse racing meetings that there are no
9 delinquent real or personal property taxes owed by the applicant.
- 10 (3) The completed application shall be signed by the applicant or the chief executive
11 officer if the applicant is an organization, sworn under oath that the information is
12 true, accurate, and complete, and the application shall be notarized.
- 13 (4) If there is any change in any information submitted in the application process, the
14 applicant or licensee shall notify the corporation~~[racing commission]~~ within thirty
15 (30) days of the change.
- 16 (5) The corporation~~[racing commission]~~ shall as soon as practicable, but in no event
17 later than November 1 in any calendar year, award dates for racing in the
18 Commonwealth during the next year. In awarding dates, the corporation~~[racing~~
19 ~~commission]~~ shall consider and seek to preserve each track's usual and customary
20 dates, as these dates are requested. If dates other than the usual and customary dates
21 are requested, the applicant shall include a statement in its application setting forth
22 the reasons the requested dates are sought. Dates for the conduct of intertrack
23 wagering shall be awarded as provided in KRS 230.377. In the event scheduled
24 racing is canceled by reason of flood, fire, inclement weather, or other natural
25 disaster or emergency, the corporation~~[racing commission]~~ may award after
26 November 1 additional racing dates to make up for those dates canceled.
- 27 (6) The corporation~~[racing commission]~~ may issue a license to conduct a horse race

1 meeting to any association making the aforesaid application if the applicant meets
2 the requirements established in KRS 138.530 and other applicable provisions of this
3 chapter, and if the corporation~~racine commission~~ finds that the proposed conduct
4 of racing by the association would be in the best interest of the public health, safety,
5 and welfare of the immediate community as well as to the Commonwealth.

6 (7) As a condition precedent to the issuance of a license, the corporation~~racine~~
7 ~~commission~~ may require a surety bond or other surety conditioned upon the
8 payment of all taxes due the Commonwealth, together with the payment of
9 operating expenses including purses and awards to owners of horses participating in
10 races.

11 (8) The corporation~~racine commission~~ may impose a fee and shall establish, by
12 administrative regulation promulgated in accordance with KRS Chapter 13A, a fee
13 schedule for association license applications.

14 (9) The corporation~~racine commission~~ may require an applicant for an association
15 license to submit to a background check of the applicant, or of any principal,
16 individual, or organization associated with the applicant. The corporation~~racine~~
17 ~~commission~~ shall not require a background check for any individual who is a
18 principal as defined in KRS 230.210 but owns stock or financial interest in the
19 applicant of less than ten percent (10%). An applicant shall be required to reimburse
20 the corporation~~racine commission~~ for the cost of any background check
21 conducted.

22 (10) Every license issued under this chapter shall specify among other things the name
23 of the person to whom issued, the address and location of the track where the horse
24 race meeting to which it relates is to be held or conducted, and the days and hours
25 of the day when the meeting will be permitted; provided, however, that no track that
26 is granted overlapping dates for the conduct of a live race meeting with another
27 horse racing track within a fifty (50) mile radius shall be permitted to have a post

1 time after 5:30 p.m., prevailing time for overlapping days between July 1 and
2 September 15, unless agreed to in writing by the tracks affected.

3 (11) A license issued under this section is neither transferable nor assignable and shall
4 not permit the conduct of a horse race meeting at any track not specified therein.
5 However, if the track specified becomes unsuitable for racing because of flood, fire,
6 or other catastrophe, the corporation~~[racing commission]~~ may, upon application,
7 authorize the meeting, or any remaining portion thereof, to be conducted at any
8 other suitable track available for that purpose, provided that the owner of the track
9 willingly consents to the use thereof.

10 (12) Horse racing dates may be awarded and licenses issued authorizing horse racing on
11 any day of the year. Horse racing shall be held or conducted only between sunrise
12 and midnight.

13 (13) The corporation~~[racing commission]~~ may at any time require the removal of any
14 official or employee of any association in those instances where it has reason to
15 believe that the official or employee has been guilty of any dishonest practice in
16 connection with horse racing or has failed to comply with any condition of his or
17 her license or has violated any law or any administrative regulation of the
18 corporation~~[this racing commission]~~.

19 (14) Every horse race not licensed under this section is hereby declared to be a public
20 nuisance and the corporation~~[racing commission]~~ may obtain an injunction against
21 the same in the Circuit Court of the county where the unlicensed race is proposed to
22 take place.

23 ➔Section 57. KRS 230.320 is amended to read as follows:

24 (1) Every license granted under this chapter is subject to denial, revocation, or
25 suspension, and every licensee or other person participating in Kentucky horse
26 racing may be assessed an administrative fine and required to forfeit or return a
27 purse, by the corporation~~[racing commission]~~ in any case where it has reason to

1 believe that any provision of this chapter, administrative regulation, or condition of
2 the corporation~~[racing commission]~~ affecting it has not been complied with or has
3 been broken or violated. The corporation~~[racing commission]~~ may deny, revoke, or
4 suspend a license for failure by the licensee or other person participating in
5 Kentucky horse racing to pay an administrative fine imposed upon the licensee by
6 the stewards or the corporation~~[racing commission]~~. The corporation~~[racing~~
7 ~~commission]~~, in the interest of honesty and integrity of horse racing, may
8 promulgate administrative regulations under which any license may be denied,
9 suspended, or revoked, and under which any licensee or other person participating
10 in Kentucky horse racing may be assessed an administrative fine or required to
11 forfeit or return a purse.

12 (2) (a) Following a hearing by the stewards, a person who has been disciplined by a
13 ruling of the stewards may apply to the corporation~~[racing commission]~~ for a
14 stay of the ruling, pending action on an appeal by the corporation~~[racing~~
15 ~~commission]~~.

16 (b) An application for a stay shall be received by the president~~[executive~~
17 ~~director]~~ or his or her designee within ten (10) calendar days of the issuance
18 of the stewards' ruling.

19 (c) An application for a stay shall be in writing and include the following:

- 20 1. The name, address, telephone number, and signature of the person
21 requesting the stay;
- 22 2. A statement of the justification for the stay; and
- 23 3. The period of time for which the stay is requested.

24 (d) On a finding of good cause, the president~~[executive director]~~ or his or her
25 designee may grant the stay. The president~~[executive director]~~ or his or her
26 designee shall issue a written decision granting or denying the request for stay
27 within five (5) calendar days from the time the application for stay is received

1 by the president~~[executive director]~~ or his or her designee. If the
2 president~~[executive director]~~ or his or her designee fails to timely issue a
3 written decision, then the stay is deemed granted. The president~~[executive~~
4 ~~director]~~ or his or her designee may rescind a stay granted under this
5 subsection for good cause.

6 (e) A person who is denied a stay by the president~~[executive director]~~ or his or
7 her designee, or has a previously granted stay rescinded under paragraph (d)
8 of this subsection, may petition the corporation~~[racing commission]~~ to
9 overrule the president's~~[executive director's]~~ or designee's denial or rescission
10 of the stay. The petition shall be filed in writing with the chairperson of the
11 board of directors of the corporation~~[racing commission]~~ and received by the
12 chairperson within ten (10) calendar days of the mailing of the
13 president's~~[executive director's]~~ or designee's denial of the stay. The petition
14 shall state the name, address, phone number, and signature of the petitioner; a
15 statement of justification of the stay; and the time period for which the stay is
16 requested. The chairperson shall convene a special meeting of the board of
17 directors of the corporation~~[racing commission]~~ within ten (10) calendar
18 days of receipt of the petition, and the corporation~~[racing commission]~~ shall
19 issue a written final order granting or denying the petition within two (2)
20 calendar days of the special meeting. If the corporation~~[racing commission]~~
21 fails to timely issue a final order on the petition, then the stay is granted. The
22 corporation~~[racing commission]~~ may rescind a stay granted under this
23 subsection for good cause.

24 (f) A person who is denied or has a previously granted stay rescinded by the
25 corporation~~[racing commission]~~ may file an appeal of the final written order
26 of the corporation~~[racing commission]~~ in the Circuit Court of the county in
27 which the cause of action arose.

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

3 (3) If any license is denied, suspended, or revoked, or if any licensee or other person
4 participating in Kentucky horse racing is assessed an administrative fine or required
5 to forfeit or return a purse, after a hearing by the stewards or by the
6 corporation~~[racing commission]~~ acting on a complaint or by its own volition, the
7 corporation~~[racing commission]~~ shall grant the applicant, licensee, or other person
8 the right to appeal the decision, and upon appeal, an administrative hearing shall be
9 conducted in accordance with KRS Chapter 13B.

10 (4) The corporation~~[racing commission]~~ may at any time order that any case pending
11 before the stewards be immediately transferred to the corporation~~[racing~~
12 ~~commission]~~ for an administrative hearing conducted in accordance with KRS
13 Chapter 13B.

14 (5) (a) In an administrative appeal to the corporation~~[racing commission]~~ by a
15 licensee or other person participating in Kentucky horse racing, the
16 corporation~~[racing commission]~~ may determine in its final order that the
17 appeal is frivolous. If the corporation~~[racing commission]~~ finds that an appeal
18 is frivolous:

- 19 1. This fact shall be considered an aggravating circumstance and may be
20 considered in assessing any penalty against the licensee; and
- 21 2. The licensee or other person who raised the appeal may be required to
22 reimburse the corporation~~[racing commission]~~ for the cost of the
23 investigation of the underlying circumstances of the case and the cost of
24 the adjudication of the appeal. Costs may include but are not limited to
25 fees paid to a hearing officer or court reporter, attorneys fees, and
26 laboratory expenses.

27 (b) The corporation~~[racing commission]~~ shall by administrative regulation

1 prescribe the conditions or factors by which an appeal may be determined to
2 be frivolous.

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

5 ➔Section 58. KRS 230.330 is amended to read as follows:

6 Any licensee or any applicant aggrieved by any final order of the corporation~~racin~~
7 ~~commission~~ may appeal to the ~~Franklin~~ Circuit Court of the county in which the
8 licensee or applicant works or resides in accordance with KRS Chapter 13B.

9 ➔Section 59. KRS 230.361 is amended to read as follows:

10 (1) (a) The corporation~~racin~~~~commission~~ shall promulgate administrative
11 regulations governing and regulating mutuel wagering on horse races under
12 what is known as the pari-mutuel system of wagering.

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

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

21 (2) The corporation~~racin~~~~commission~~ shall promulgate administrative regulations
22 governing and regulating sports wagering, including administrative regulations for
23 the deposit of funds by credit or debit cards or other means of electronic funds
24 transfer. The corporation~~racin~~~~commission~~ shall promulgate administrative
25 regulations to establish a fully functioning sports wagering system within six (6)
26 months after June 29, 2023.

27 (3) The operation of a pari-mutuel system for betting, or the conduct of sports

1 wagering, where authorized by law shall not constitute grounds for the revocation
2 or suspension of any license issued and held under KRS 242.1238 and 243.265.

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

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

17 ➔Section 60. KRS 230.3615 is amended to read as follows:

18 (1) The commission, including the tax levied in KRS 138.510, deducted from the gross
19 amount wagered by the association which operates a race track under the
20 jurisdiction of the Kentucky Horse Racing and Gaming Corporation~~[Commission]~~
21 and conducts the Thoroughbred racing at which betting is conducted through a pari-
22 mutuel or other similar system, in races where the patron is required to select one
23 (1) horse, and the breaks, which breaks shall be made and calculated to the penny,
24 except on races previously run in which the breaks shall be made and calculated to
25 the penny or retained in the pari-mutuel pools, shall not be more than seventeen and
26 one-half percent (17.5%).

27 (2) The commission, including the tax levied in KRS 138.510, deducted from the gross

1 amount wagered by the person, corporation, or association which operates a race
2 track under the jurisdiction of the Kentucky Horse Racing and Gaming
3 Corporation~~[Commission]~~ and conducts Thoroughbred racing at which betting is
4 conducted through a pari-mutuel or other similar system shall not exceed twenty-
5 two percent (22%) of the gross handle in races where the patron is required to select
6 two (2) or more horses, and the breaks, which breaks shall be made and calculated
7 to the penny, except on races previously run in which the breaks shall be made and
8 calculated to the penny or retained in the pari-mutuel pools.

9 (3) The minimum wager to be accepted by any licensed association shall be ten cents
10 (\$0.10). The minimum pay-off on a one dollar (\$1) wager shall be one dollar and
11 ten cents (\$1.10); but, in the event of a minus pool, the minimum pay-off for a one
12 dollar (\$1) wager shall be one dollar and five cents (\$1.05).

13 (4) Each association conducting Thoroughbred racing shall pay to the
14 corporation~~[racing commission]~~ all moneys allocated to the backside improvement
15 fund in an amount equal to one-half of one percent (0.5%) of its on-track pari-
16 mutuel wagers.

17 ➔Section 61. KRS 230.362 is amended to read as follows:

18 Any person holding unclaimed pari-mutuel winning tickets presumed abandoned under
19 the provisions of KRS 230.361 shall file annually, on or before September 1 of each year,
20 with the office of the corporation~~[racing commission]~~ a list of and the amounts
21 represented by unclaimed pari-mutuel tickets held by such person as of July 1, and other
22 information as the corporation~~[racing commission]~~ may require for the administration of
23 KRS 230.361 to 230.373. The report shall be made in duplicate; the original shall be
24 retained by the corporation~~[racing commission]~~ and the copy shall be mailed to the
25 sheriff of the county where the unclaimed pari-mutuel tickets are held. It shall be the duty
26 of the sheriff to post for not less than twenty (20) consecutive days a copy of the report
27 on the courthouse door or the courthouse bulletin board, and to publish the copy in the

1 manner set forth by KRS Chapter 424. The cost of the publication shall be paid by the
2 corporation~~[racing commission]~~. The sheriff shall immediately certify in writing to the
3 corporation~~[racing commission]~~ the dates when the list was posted and published. The
4 list shall be posted and published as required on or before October 1 of the year when it is
5 made, and such posting and publishing shall be constructive notice to all holders of pari-
6 mutuel tickets which have remained unclaimed for a period of one (1) year from the time
7 the ticket became payable.

8 ➔Section 62. KRS 230.363 is amended to read as follows:

9 Any person who has made a report of unclaimed pari-mutuel tickets to the
10 corporation~~[racing commission]~~ as required by KRS 230.362 shall, between November 1
11 and November 15 of each year, turn over to the corporation~~[racing commission]~~ the sum
12 represented by the unclaimed pari-mutuel tickets so reported; but if the person making
13 the report or the owner of the unclaimed pari-mutuel ticket certifies to the
14 corporation~~[racing commission]~~ by sworn statement that any or all of the statutory
15 conditions necessary to create a presumption of abandonment no longer exists or never
16 did exist, or shall certify existence of any fact or circumstance in which there is
17 substantial evidence to rebut such presumption, then, the person reporting the unclaimed
18 pari-mutuel tickets or holding the sum represented by the unclaimed pari-mutuel tickets
19 as reported shall not be required to turn over said sum to the corporation~~[racing~~
20 ~~commission]~~ except upon order of court. If the holder of any unclaimed pari-mutuel
21 ticket files an action in court claiming the sum which has been reported under the
22 provisions of KRS 230.362, the person reporting or holding the sum represented by said
23 unclaimed pari-mutuel ticket shall be under no duty while any such action is pending to
24 turn over said sum to the corporation~~[racing commission]~~, but shall have the duty of
25 notifying the corporation~~[racing commission]~~ of the pendency of such action.

26 ➔Section 63. KRS 230.364 is amended to read as follows:

27 Any person holding an unclaimed pari-mutuel ticket or any person holding the sum

1 represented by an unclaimed pari-mutuel ticket, or any claimant thereto shall have the
2 right to a judicial determination of the person's~~[his]~~ rights under KRS 230.361 to
3 230.373 and nothing therein shall be construed otherwise; and the corporation~~[racing~~
4 ~~commission]~~ may institute an action to recover the sum represented by the unclaimed
5 pari-mutuel tickets which are presumed abandoned whether said sum has been reported
6 or not and may include in one (1) petition the sum represented by all the unclaimed pari-
7 mutuel tickets as defined herein within the jurisdiction of the court in which the action is
8 brought.

9 ➔Section 64. KRS 230.365 is amended to read as follows:

10 Any person who pays the sum represented by the unclaimed pari-mutuel tickets to the
11 corporation~~[racing commission]~~ under KRS 230.363 is relieved of all liability for the
12 value of said unclaimed pari-mutuel tickets for any claim made in respect of said
13 unclaimed pari-mutuel tickets.

14 ➔Section 65. KRS 230.366 is amended to read as follows:

15 Any person claiming an interest in any unclaimed pari-mutuel ticket which has been paid
16 or surrendered to the corporation~~[racing commission]~~ in accordance with KRS 230.361
17 to 230.373 may file his or her claim to it at any time after it was paid to the
18 corporation~~[racing commission]~~.

19 ➔Section 66. KRS 230.367 is amended to read as follows:

20 The corporation~~[racing commission]~~ shall consider any claim or defense permitted to be
21 filed before the corporation~~[racing commission]~~ and hear the evidence concerning it. If
22 the claimant establishes his or her claim, the corporation~~[racing commission]~~ shall,
23 when the time for appeal or other legal procedure has expired, authorize payment to the
24 claimant~~[him]~~ of a sum equal to the amount of his claim paid to the corporation~~[racing~~
25 ~~commission]~~ in accordance with KRS 230.361 to 230.373. The decision shall be in
26 writing and shall state the substance of the evidence heard by the corporation~~[racing~~
27 ~~commission]~~, if a transcript is not kept. The decision shall be a matter of public record.

1 ➔Section 67. KRS 230.368 is amended to read as follows:

2 Any person dissatisfied with the decision of the corporation~~[racing commission]~~ under
3 KRS 230.367 may appeal to the~~[Franklin]~~ Circuit Court of the county where the person
4 works or resides in accordance with the provisions of KRS Chapter 13B.

5 ➔Section 68. KRS 230.369 is amended to read as follows:

6 The corporation~~[racing commission]~~, through its employees, may examine all records of
7 any person where there is reason to believe that there has been or is a failure to report
8 unclaimed pari-mutuel tickets.

9 ➔Section 69. KRS 230.370 is amended to read as follows:

10 The corporation~~[racing commission]~~ may promulgate any reasonable and necessary
11 administrative regulation for the enforcement of the provisions of this chapter and the
12 conduct of hearings held before it.

13 ➔Section 70. KRS 230.371 is amended to read as follows:

14 The corporation~~[racing commission]~~ may require the production of reports or the
15 surrender of sums represented by unclaimed pari-mutuel tickets as provided in KRS
16 230.361 to 230.373 by civil equity action, including, but not limited to, an action in the
17 nature of a bill of discovery, in which case the defendant shall pay a penalty equal to ten
18 percent (10%) of all amounts that the defendant~~[he]~~ is ultimately required to surrender.
19 The corporation~~[racing commission]~~ shall follow the procedures provided by the Rules
20 of Civil Procedure.

21 ➔Section 71. KRS 230.372 is amended to read as follows:

22 Any payments made to any persons claiming an interest in an unclaimed pari-mutuel
23 ticket, and any necessary expense including, but not limited to, administrative costs,
24 advertising costs, court costs and attorney's fees, required to be paid by the
25 corporation~~[racing commission]~~ in administering or enforcing the provisions of KRS
26 230.361 to 230.373 shall be deducted from sums received by the corporation~~[racing~~
27 ~~commission]~~ prior to payment to the Kentucky Racing Health and Welfare Fund.

1 ➔Section 72. KRS 230.374 is amended to read as follows:

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

21 ➔Section 73. KRS 230.375 is amended to read as follows:

- 22 (1) The board of directors of the Kentucky Racing Health and Welfare Fund, Inc., may
23 create and fund the Kentucky Race Track Retirement Plan. The board shall use no
24 more than twenty-five percent (25%) of the annual sum paid by the
25 corporation~~[racing commission]~~ under KRS 230.361 to 230.373 to fund the plan.
- 26 (2) The plan shall be provided for the benefit of Thoroughbred trainers, assistant
27 trainers, exercise riders, grooms, stable attendants, and other stable employees who

1 can demonstrate that they are not otherwise eligible to participate in any other
2 private or public, nonself-funded retirement or pension plan.

3 (3) The Kentucky Race Track Retirement Plan shall be administered by the board of
4 directors of the Kentucky Racing Health and Welfare Fund, Inc., for the charitable
5 and benevolent purposes set forth in KRS 230.374, and no part of the sums
6 administered by the fund for the plan or any net earnings of the plan shall inure to
7 the benefit of any private individual, director, officer, or member of the fund, or any
8 of the persons who paid sums to the corporation~~racing commission~~ under the
9 provisions of KRS 230.361 to 230.373.

10 (4) The board of directors of the Kentucky Racing Health and Welfare Fund, Inc., shall
11 be the trustee of the plan's funds and shall have full power to invest and reinvest
12 funds. Investments shall be diversified to balance the risks associated with various
13 investment options to maintain the long-term solvency of the plan. The board shall
14 have full power to hold, purchase, sell, assign, transfer, or dispose of any of the
15 investments in which any of the plan's funds have been invested, as well as of the
16 proceeds of investments belonging to the plan. The board members or any
17 investment manager shall discharge their duties with respect to the assets of the
18 plan solely in the interest of the plan's members and:

19 (a) For the exclusive purposes of providing benefits to plan members and their
20 beneficiaries and defraying reasonable expenses of administering the plan;

21 (b) With the care, skill, prudence, and diligence under the circumstances that a
22 prudent person acting in a like capacity and familiar with these matters would
23 use in the conduct of an enterprise of a like character and with like aims; and

24 (c) In accordance with any other laws or instruments governing the
25 administration of the plan's funds.

26 ➔Section 74. KRS 230.3751 is amended to read as follows:

27 The Governor of this Commonwealth is authorized and directed to execute a compact on

1 behalf of the Commonwealth with any of the United States, the District of Columbia, the
2 Commonwealth of Puerto Rico, and each territory or possession of the United States,
3 legally joining therein in the form substantially as follows:

4 ARTICLE I

5 PURPOSES

6 SECTION 1. Purposes.

7 The purposes of this compact are to:

- 8 1. Establish uniform requirements among the party states for the licensing of
9 participants in live racing with pari-mutuel wagering, and ensure that all such
10 participants who are licensed pursuant to this compact meet a uniform minimum
11 standard of honesty and integrity.
- 12 2. Facilitate the growth of the pari-mutuel racing industry in each party state and
13 nationwide by simplifying the process for licensing participants in live racing, and
14 reduce the duplicative and costly process of separate licensing by the regulatory
15 agency in each state that conducts live racing with pari-mutuel wagering.
- 16 3. Authorize the Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ to
17 participate in this compact.
- 18 4. Provide for participation in this compact by officials of the party states, and permit
19 those officials, through the compact committee established by this compact, to enter
20 into contracts with governmental agencies and nongovernmental persons to carry
21 out the purposes of this compact.
- 22 5. Establish the compact committee created by this compact as an interstate
23 governmental entity duly authorized to request and receive criminal history record
24 information from the Federal Bureau of Investigation and other state and local law
25 enforcement agencies.

26 ARTICLE II

27 DEFINITIONS

1 SECTION 2. Definitions.

2 "Compact committee" means the organization of officials from the party states that is
3 authorized and empowered by this compact to carry out the purposes of this compact.

4 "Official" means the appointed, elected, designated or otherwise duly selected member of
5 a racing commission or the equivalent thereof in a party state who represents that party
6 state as a member of the compact committee.

7 "Participants in live racing" means participants in live racing with pari-mutuel wagering
8 in the party states.

9 "Party state" means each state that has enacted this compact.

10 "State" means each of the several states of the United States, the District of Columbia, the
11 Commonwealth of Puerto Rico and each territory or possession of the United States.

12 ARTICLE III

13 ENTRY INTO FORCE, ELIGIBLE PARTIES AND WITHDRAWAL

14 SECTION 3. Entry into force.

15 This compact shall come into force when enacted by any four (4) states. Thereafter, this
16 compact shall become effective as to any other state upon both (i) that state's enactment
17 of this compact and (ii) the affirmative vote of a majority of the officials on the compact
18 committee as provided in Section 8.

19 SECTION 4. States eligible to join compact.

20 Any state that has adopted or authorized live racing with pari-mutuel wagering shall be
21 eligible to become party to this compact.

22 SECTION 5. Withdrawal from compact and impact thereof on force and effect of
23 compact.

24 Any party state may withdraw from this compact by enacting a statute repealing this
25 compact, but no such withdrawal shall become effective until the head of the executive
26 branch of the withdrawing state has given notice in writing of such withdrawal to the
27 head of the executive branch of all other party states. If as a result of withdrawals

1 participation in this compact decreases to less than three (3) party states, this compact no
2 longer shall be in force and effect unless and until there are at least three (3) or more
3 party states again participating in this compact.

4 ARTICLE IV

5 COMPACT COMMITTEE

6 SECTION 6. Compact committee established.

7 There is hereby created an interstate governmental entity to be known as the "compact
8 committee," which shall be comprised of one (1) official from the racing commission or
9 its equivalent in each party state who shall be appointed, serve and be subject to removal
10 in accordance with the laws of the party state he represents. Pursuant to the laws of his
11 party state, each official shall have the assistance of his state's racing commission or the
12 equivalent thereof in considering issues related to licensing of participants in live racing
13 and in fulfilling his responsibilities as the representative from his state to the compact
14 committee. If an official is unable to perform any duty in connection with the powers and
15 duties of the compact committee, the racing commission or equivalent thereof from his
16 state shall designate another of its members as an alternate who shall serve in his place
17 and represent the party state as its official on the compact committee until that racing
18 commission or equivalent thereof determines that the original representative official is
19 able once again to perform his duties as that party state's representative official on the
20 compact committee. The designation of an alternate shall be communicated by the
21 affected state's racing commission or equivalent thereof to the compact committee as the
22 committee's bylaws may provide.

23 SECTION 7. Powers and duties of compact committee.

24 In order to carry out the purposes of this compact, the compact committee is hereby
25 granted the power and duty to:

- 26 1. Determine which categories of participants in live horse racing, including but not
27 limited to owners, trainers, jockeys, grooms, mutuel clerks, racing officials,

1 veterinarians, and farriers, and which categories of equivalent participants in dog
2 racing and other forms of live racing with pari-mutuel wagering authorized in two
3 (2) or more of the party states, should be licensed by the committee, and establish
4 the requirements for the initial licensure of applicants in each such category, the
5 term of the license for each category, and the requirements for renewal of licenses
6 in each category. Provided, however, that with regard to requests for criminal
7 history record information on each applicant for a license, and with regard to the
8 effect of a criminal record on the issuance or renewal of a license, the compact
9 committee shall determine for each category of participants in live racing which
10 licensure requirements for that category are, in its judgment, the most restrictive
11 licensure requirements of any party state for that category and shall adopt licensure
12 requirements for that category that are, in its judgment, comparable to those most
13 restrictive requirements.

14 2. Investigate applicants for a license from the compact committee and, as permitted
15 by federal and state law, gather information on such applicants, including criminal
16 history record information from the Federal Bureau of Investigation and relevant
17 state and local law enforcement agencies, and, where appropriate, from the Royal
18 Canadian Mounted Police and law enforcement agencies of other countries,
19 necessary to determine whether a license should be issued under the licensure
20 requirements established by the committee as provided in paragraph 1 above. Only
21 officials on, and employees of, the compact committee may receive and review
22 such criminal history record information, and those officials and employees may
23 use that information only for the purposes of this compact. No such official or
24 employee may disclose or disseminate such information to any person or entity
25 other than another official on or employee of the compact committee. The
26 fingerprints of each applicant for a license from the compact committee shall be
27 taken by the compact committee, its employees, or its designee and, pursuant to

1 Public Law 92-544 or Public Law 100-413, shall be forwarded to a state
2 identification bureau, or to an association of state officials regulating pari-mutuel
3 wagering designated by the Attorney General of the United States, for submission
4 to the Federal Bureau of Investigation for a criminal history record check. Such
5 fingerprints may be submitted on a fingerprint card or by electronic or other means
6 authorized by the Federal Bureau of Investigation or other receiving law
7 enforcement agency.

8 3. Issue licenses to, and renew the licenses of, participants in live racing listed in
9 paragraph 1 of this section who are found by the committee to have met the
10 licensure and renewal requirements established by the committee. The compact
11 committee shall not have the power or authority to deny a license. If it determines
12 that an applicant will not be eligible for the issuance or renewal of a compact
13 committee license, the compact committee shall notify the applicant that it will not
14 be able to process his application further. Such notification does not constitute and
15 shall not be considered to be the denial of a license. Any such applicant shall have
16 the right to present additional evidence to, and to be heard by, the compact
17 committee, but the final decision on issuance or renewal of the license shall be
18 made by the compact committee using the requirements established pursuant to
19 paragraph 1 of this section.

20 4. Enter into contracts or agreements with governmental agencies and with
21 nongovernmental persons to provide personal services for its activities and such
22 other services as may be necessary to effectuate the purposes of this compact.

23 5. Create, appoint, and abolish those offices, employments, and positions, including an
24 executive director, as it deems necessary for the purposes of this compact, prescribe
25 their powers, duties and qualifications, hire persons to fill those offices,
26 employments and positions, and provide for the removal, term, tenure,
27 compensation, fringe benefits, retirement benefits and other conditions of

1 employment of its officers, employees and other positions.

2 6. Borrow, accept, or contract for the services of personnel from any state, the United
3 States, or any other governmental agency, or from any person, firm, association,
4 corporation or other entity.

5 7. Acquire, hold, and dispose of real and personal property by gift, purchase, lease,
6 license, or in other similar manner, in furtherance of the purposes of this compact.

7 8. Charge a fee to each applicant for an initial license or renewal of a license.

8 9. Receive other funds through gifts, grants and appropriations.

9 SECTION 8. Voting requirements.

10 A. Each official shall be entitled to one (1) vote on the compact committee.

11 B. All action taken by the compact committee with regard to the addition of party
12 states as provided in Section 3, the licensure of participants in live racing, and the
13 receipt and disbursement of funds shall require a majority vote of the total number
14 of officials (or their alternates) on the committee. All other action by the compact
15 committee shall require a majority vote of those officials (or their alternates)
16 present and voting.

17 C. No action of the compact committee may be taken unless a quorum is present. A
18 majority of the officials (or their alternates) on the compact committee shall
19 constitute a quorum.

20 SECTION 9. Administration and management.

21 A. The compact committee shall elect annually from among its members a chairman, a
22 vice chairman, and a secretary/treasurer.

23 B. The compact committee shall adopt bylaws for the conduct of its business by a two-
24 thirds (2/3) vote of the total number of officials (or their alternates) on the
25 committee at that time and shall have the power by the same vote to amend and
26 rescind these bylaws. The committee shall publish its bylaws in convenient form
27 and shall file a copy thereof and a copy of any amendments thereto with the

1 Secretary of State or equivalent agency of each of the party states.

2 C. The compact committee may delegate the day-to-day management and
3 administration of its duties and responsibilities to an executive director and his
4 support staff.

5 D. Employees of the compact committee shall be considered governmental employees.

6 SECTION 10. Immunity from liability for performance of official responsibilities and
7 duties.

8 No official of a party state or employee of the compact committee shall be held
9 personally liable for any good faith act or omission that occurs during the performance
10 and within the scope of his responsibilities and duties under this compact.

11 ARTICLE V

12 RIGHTS AND RESPONSIBILITIES OF EACH PARTY STATE

13 SECTION 11. Rights and responsibilities of each party state.

14 A. By enacting this compact, each party state:

15 1. Agrees (i) to accept the decisions of the compact committee regarding the
16 issuance of compact committee licenses to participants in live racing pursuant
17 to the committee's licensure requirements, and (ii) to reimburse or otherwise
18 pay the expenses of its official representative on the compact committee or his
19 alternate.

20 2. Agrees not to treat a notification to an applicant by the compact committee
21 under paragraph 3 of Section 7 that the compact committee will not be able to
22 process his application further as the denial of a license, or to penalize such an
23 applicant in any other way based solely on such a decision by the compact
24 committee.

25 3. Reserves the right (i) to charge a fee for the use of a compact committee
26 license in that state, (ii) to apply its own standards in determining whether, on
27 the facts of a particular case, a compact committee license should be

1 suspended or revoked, (iii) to apply its own standards in determining licensure
2 eligibility, under the laws of that party state, for categories of participants in
3 live racing that the compact committee determines not to license and for
4 individual participants in live racing who do not meet the licensure
5 requirements of the compact committee, and (iv) to establish its own licensure
6 standards for the licensure of nonracing employees at pari-mutuel racetracks
7 and employees to separate satellite wagering facilities. Any party state that
8 suspends or revokes a compact committee license shall, through its racing
9 commission or the equivalent thereof or otherwise, promptly notify the
10 compact committee of that suspension or revocation.

11 B. No party state shall be held liable for the debts or other financial obligations
12 incurred by the compact committee.

13 ARTICLE VI

14 CONSTRUCTION AND SEVERABILITY

15 SECTION 12. Construction and severability.

16 This compact shall be liberally construed so as to effectuate its purposes. The provisions
17 of this compact shall be severable, and, if any phrase, clause, sentence, or provision of
18 this compact is declared to be contrary to the Constitution of the United States or of any
19 party state, or the applicability of this compact to any government, agency, person or
20 circumstance is held invalid, the validity of the remainder of this compact and the
21 applicability thereof to any government, agency, person or circumstance shall not be
22 affected thereby. If all or some portion of this compact is held to be contrary to the
23 constitution of any party state, the compact shall remain in full force and effect as to the
24 remaining party states and in full force and effect as to the state affected as to all
25 severable matters.

26 ➔Section 75. KRS 230.3761 is amended to read as follows:

27 The Governor of this Commonwealth is authorized and directed to execute a compact on

1 behalf of the Commonwealth with any of the United States, the District of Columbia, the
2 Commonwealth of Puerto Rico, and each territory or possession of the United States,
3 legally joining therein in the form substantially as follows:

4 ARTICLE I

5 PURPOSES

6 The purposes of this compact are:

- 7 (A) To enable member states to act jointly and cooperatively to create more uniform,
8 effective, and efficient practices, programs, rules, and regulations relating to live
9 pari-mutuel horse or greyhound racing and to pari-mutuel wagering activities, both
10 on-track and off-track, that occur in or affect a member state;
- 11 (B) To facilitate the health and growth of the industry by simplifying the process of
12 participating in live horse and greyhound racing and pari-mutuel wagering,
13 improving the quality and integrity of racing and wagering, more effectively
14 regulating simulcast and wagering systems and activities, and through cooperative
15 action reducing the costs incurred by each member state or participant;
- 16 (C) To authorize the Kentucky Horse Racing and Gaming Corporation~~[Commission]~~
17 to participate in this compact;
- 18 (D) To permit officials from the member states to participate in this compact and,
19 through the compact commission established by this compact, to enter into
20 contracts with governmental agencies and other persons to carry out the purposes of
21 this compact; and
- 22 (E) To establish the compact commission created by this compact as an interstate
23 governmental entity duly authorized to request and to receive criminal history
24 record information from the Federal Bureau of Investigation and from state, local,
25 and foreign law enforcement agencies.

26 ARTICLE II

27 DEFINITIONS

1 For the purposes of this compact, the following terms shall have the following meaning:

2 (A) "Commissioner" means the chairperson of the member state racing commission, or
3 such person's designee, who represents the member state as a voting member of the
4 compact commission and anyone who is serving as such person's alternate;

5 (B) "Compact commission" means the organization of officials from the member states
6 that is authorized and empowered by this compact to carry out the purposes of this
7 compact;

8 (C) "Compact rule" means a rule or regulation adopted by a member state through the
9 compact to govern, for two (2) or more member states, any part of live pari-mutuel
10 horse and greyhound racing or pari-mutuel wagering activities, whether on-track or
11 off-track, that occur in or affect such states;

12 (D) "Live racing" means live horse or greyhound racing with pari-mutuel wagering;

13 (E) "Member state" means each state that has enacted this compact;

14 (F) "National industry stakeholder" means a non-governmental organization that the
15 compact commission determines from a national perspective significantly
16 represents one (1) or more categories of participants in live racing and pari-mutuel
17 wagering;

18 (G) "Participants in live racing and pari-mutuel wagering" means all persons who
19 participate in, operate, provide industry services for, or are involved with live
20 racing and pari-mutuel wagering;

21 (H) "State" means each of the several states of the United States, the District of
22 Columbia, the Commonwealth of Puerto Rico, and each territory or possession of
23 the United States; and

24 (I) "State racing commission" means the state racing commission, or its equivalent, in
25 each member state. Where a member state has more than one (1), it shall mean all
26 such racing commissions, or their equivalents.

27 ARTICLE III

1 COMPOSITION AND MEETINGS OF COMPACT COMMISSION

2 The member states shall create and participate in a compact commission as follows:

3 (A) This compact shall come into force when enacted by any six (6) eligible states, and
4 shall thereafter become effective as to any other member state that enacts this
5 compact. Any state that has adopted or authorized pari-mutuel wagering or live
6 horse or greyhound racing shall be eligible to become a party to this compact. A
7 compact rule, fee, practice, or program shall not become effective in a new member
8 state based merely upon it entering the compact.

9 (B) The member states hereby create the racing and wagering commission, a body
10 corporate and an interstate governmental entity of the member states, to coordinate
11 the decision-making and actions of each member state racing commission through a
12 compact commission.

13 (C) The compact commission shall consist of one (1) commissioner, the chairperson of
14 the state racing commission or such person's designee, from each member state.
15 When a commissioner is not present to perform any duty in the compact
16 commission, a designated alternate may serve instead. The person who represents a
17 member state in the compact commission shall serve and perform such duties
18 without compensation or remuneration; provided that, subject to the availability of
19 budgeted funds, each may be reimbursed for ordinary and necessary costs and
20 expenses. The designation of a commissioner, including the alternate, shall be
21 effective when written notice has been provided to the compact commission. The
22 commissioner, including the alternate, must be a member or employee of the state
23 racing commission.

24 (D) The compact commissioner from each state shall participate as an agent of the state
25 racing commission. Each commissioner shall have the assistance of the state racing
26 commission in regard to all decision making and actions of the state in and through
27 the compact commission.

- 1 (E) Each member state, by its commissioner, shall be entitled to one (1) vote in the
2 compact commission. A majority vote of the total number of commissioners shall
3 be required to issue or renew a license, to receive and distribute any funds, and to
4 adopt, amend, or rescind the by-laws. A compact rule, fee, practice, or program
5 shall take effect in and for each member state whose commissioner votes
6 affirmatively to adopt it. Other compact actions shall require a majority vote of the
7 commissioners who are meeting.
- 8 (F) Meetings and votes of the compact commission may be conducted in person or by
9 telephone or other electronic communication. Meetings may be called by the
10 chairperson of the compact commission or by any two (2) commissioners.
11 Reasonable notice of each meeting shall be provided to all commissioners serving
12 in the compact commission.
- 13 (G) No action may be taken at a compact commission meeting unless there is a quorum,
14 which is either a majority of the commissioners in the compact commission or,
15 where applicable, all the commissioners from any member states who propose or
16 are voting affirmatively to adopt a compact rule, fee, practice, or program.
- 17 (H) Once effective, the compact shall continue in force and remain binding according to
18 its terms upon each member state; provided that, a member state may withdraw
19 from the compact by repealing the statute that enacted the compact into law. The
20 racing commission of a withdrawing state shall give written notice of such
21 withdrawal to the compact chairperson, who shall notify the member state racing
22 commissions. A withdrawing state shall remain responsible for any unfulfilled
23 obligations and liabilities. The effective date of withdrawal from the compact shall
24 be the effective date of the repeal.

ARTICLE IV

OPERATION OF COMPACT COMMISSION

27 The compact commission is hereby granted, so that it may be an effective means to

- 1 pursue and achieve the purposes of each member state in this compact, the power and
2 duty:
- 3 (A) To adopt, amend, and rescind by-laws to govern its conduct, as may be necessary or
4 appropriate to carry out the purposes of the compact; to publish them in a
5 convenient form; and to file a copy of them with the state racing commission of
6 each member state;
- 7 (B) To elect annually from among the commissioners (including alternates) a
8 chairperson, vice-chairperson, and treasurer with such authority and duties as may
9 be specified in the by-laws;
- 10 (C) To establish and appoint committees which it deems necessary for the carrying out
11 of its functions, including advisory committees which shall be comprised of
12 national industry stakeholders and organizations, and such other persons as may be
13 designated in accordance with the by-laws, to obtain their timely and meaningful
14 input into the compact rule, fee, practice, and program making processes;
- 15 (D) To establish an executive committee, with membership established in the by-laws,
16 which shall oversee the day-to-day activities of compact administration and
17 management by the executive director and staff; hire and fire as may be necessary
18 after consultation with the compact commission; administer and enforce
19 compliance with the provisions, by-laws, rules, fees, practices, and programs of the
20 compact; and perform such other duties as the by-laws may establish;
- 21 (E) To create, appoint, and abolish all those offices, employments, and positions,
22 including an executive director, useful to fulfill its purposes; to hire persons for
23 them; to prescribe their powers, duties, and qualifications; and to provide for their
24 term, tenure, removal, compensation, fringe and retirement benefits, and other
25 conditions of employment;
- 26 (F) To delegate day-to-day management and administration of its duties, as needed, to
27 an executive director and support staff, such as the Association of Racing

- 1 Commissioners International, Inc., or its successor;
- 2 (G) To adopt an annual budget sufficient to provide for the payment of the reasonable
3 expenses of its establishment, organization, and ongoing activities. The budget shall
4 be fully funded by means established by the compact commission. A member state
5 may choose to participate in funding by means other than a compact fee or fees, in
6 which case the compact commission shall make a finding of how much the member
7 state, including its racing and wagering, may benefit from budget items (less
8 program costs funded by user fees); and the member state may provide such
9 funding by its own means. Indivisible benefits to live racing shall be allocated by
10 proportion of annual purses. Nothing in this provision shall prevent the compact
11 commission from paying obligations accrued in a prior year or from revising its
12 finding of the benefit to a member state from the preceding year; and
- 13 (H) To provide a mediation and a binding dispute resolution service for member states
14 who decide to use them to resolve a compact dispute among each other; provided,
15 that the design and implementation of each program shall be established by
16 compact rule making.

17 ARTICLE V

18 GENERAL POWERS AND DUTIES

- 19 To allow each member state, as and when it chooses, to achieve the purpose of this
20 compact through joint and cooperative action, the member states are hereby granted the
21 power and duty, by and through the compact commission:
- 22 (A) To act jointly and cooperatively to create a more equitable and uniform pari-mutuel
23 racing and wagering interstate regulatory framework, including but not limited to
24 the adoption of standardized rules of racing and equine drug regulations, closing
25 inequalities in how regulatory standards and statutory requirements apply to
26 industry participants; improving wagering monitoring and integrity; and making
27 industry and participant information more available to government officials;

- 1 (B) To collaborate with national industry stakeholders and industry organizations, such
2 as the Racing Medication and Testing Consortium, in the design and
3 implementation of compact rules, fees, practices, and programs in a manner that
4 serves the best interests of racing;
- 5 (C) To create more uniform, effective, or efficient practices and programs, with the
6 consent of each member state that shall participate in them, relating to any part of
7 live pari-mutuel horse or greyhound racing or pari-mutuel wagering activities,
8 whether on-track or off-track, that occur in or affect a member state;
- 9 (D) To adopt compact rules, which shall have the force and effect of state rules or
10 regulations in the member states who vote to adopt them, to govern all or any part
11 of live pari-mutuel horse and greyhound racing or pari-mutuel wagering activities;
- 12 (E) To charge and collect a fee for services provided by the compact, including
13 licensure and renewal of each license applicant, and for defraying the actual cost of
14 compact commission administration, procedures, activities and programs; and
- 15 (F) To issue and renew licenses for participants in live racing and pari-mutuel wagering
16 who are found by the compact commission to have met its licensure or renewal
17 requirements in categories it chooses to license. It shall establish the term for each
18 category, and the license criteria and weight given to character and integrity
19 information that in its judgment meet the most restrictive requirements of the
20 member states. The compact commission shall not have the power or authority to
21 deny a license. If it determines that an applicant will not be eligible, it shall notify
22 the applicant that it will not be able to process the application any further, which
23 shall not constitute and shall not be considered to be the denial of a license.
24 Although an applicant shall have the right to present further evidence and to be
25 heard, the final decision on issuance or renewal of a license shall be made by the
26 compact commission pursuant to its established requirements. The compact
27 commission shall have the power and duty to investigate license applicants and, as

1 permitted by federal and state law, to gather information, including criminal history
2 records from the Federal Bureau of Investigation and from state, local, and foreign
3 country law enforcement agencies (including the Royal Canadian Mounted Police),
4 necessary to decide whether an applicant meets its license requirements. Such
5 criminal history record information may be received and reviewed only by the
6 officials on, and employees of, the compact commission, and that information may
7 be used only for the purposes of this compact. No such official or employee may
8 disclose or disseminate such criminal history record information to any person or
9 entity other than another official on, or employee of, the compact commission. The
10 compact commission, its employees, or its designee shall take the fingerprints of
11 each license applicant and, pursuant to Public Law 92-544 or Public Law 100-413,
12 forward the fingerprints to a state identification bureau, the Association of Racing
13 Commissioners International (an association of state officials regulating pari-mutuel
14 wagering, designated by the Attorney General of the United States), or another
15 entity with an equivalent designation, for submission to the Federal Bureau of
16 Investigation or other receiving law enforcement agency. The compact commission
17 shall cooperate with the Interstate Compact on Licensure of Participants in Live
18 Racing with Pari-Mutuel Wagering and, if requested by that entity, assume all of its
19 licensing and employer duties and responsibilities with the authority of and
20 pursuant to all of the licensing standards, laws, rules and regulations applicable to
21 that entity.

22 ARTICLE VI

23 OTHER POWERS AND DUTIES

24 The compact commission may exercise such incidental powers and duties as may be
25 necessary and proper for it to function in a useful manner, including but not limited to the
26 power and duty:

27 (A) To enter into contracts and agreements with governmental agencies and other

- 1 persons, including officers and employees of a member state, to provide personal
2 services for its activities and such other services as may be necessary;
- 3 (B) To borrow, accept, and contract for the services of personnel from any state,
4 federal, or other governmental agency, or from any other person or entity;
- 5 (C) To receive information from and to provide information to each member state
6 racing commission, including its officers and staff, on such terms and conditions as
7 may be established in the by-laws;
- 8 (D) To acquire, hold, and dispose of any real or personal property by gift, grant,
9 purchase, lease, license, and similar means and to receive additional funds through
10 gifts, grants, and appropriations;
- 11 (E) To purchase and maintain insurance and bonds, and to require others to do so;
- 12 (F) When authorized by a compact rule, to conduct hearings, issue subpoenas requiring
13 the attendance and testimony of witnesses and the production of evidence, and
14 render decisions and orders;
- 15 (G) To establish in the by-laws the requirements that shall describe and govern its
16 duties to conduct open or public meetings and to provide public access to compact
17 records and information, which shall include the exceptions established by law in
18 one (1) or more member states and shield any confidential submissions made in
19 connection with license applications; and
- 20 (H) To enforce compliance with the provisions, by-laws, rules, fees, practices, and
21 programs of the compact using such means as may be consistent with this compact.

22 ARTICLE VII

23 COMPACT RULE MAKING

24 In the exercise of its rule making authority, the compact commission shall:

- 25 (A) Engage in formal rule making pursuant to a process that substantially conforms to
26 the Model State Administrative Procedure Act of 1981 as amended, as may be
27 appropriate to the actions and operations of the compact commission;

- 1 (B) Gather information and engage in discussions with advisory committees, national
2 industry stakeholders, and others to foster and conduct a collaborative approach in
3 the design and advancement of compact rules in a manner that serves the best
4 interests of racing and as established in the by-laws;
- 5 (C) Not publish a proposed compact rule in a member state over its objection. The
6 affirmative vote of a member state for a proposed compact rule shall be necessary
7 and sufficient to adopt, amend, or rescind a compact rule as applicable to that
8 member state; and
- 9 (D) Have a standing committee that reviews at least quarterly the participation in and
10 value of compact rules and, when it determines that a revision is appropriate or
11 when requested to by any member state, submits a revising proposed compact rule.
12 To the extent a revision would only add or remove a member state or states from
13 where a compact rule has been adopted, the vote required by this article shall be
14 required of only such state or states.

15 ARTICLE VIII

16 COMPACT FEES

- 17 (A) The compact commission may charge and collect a fee for services provided by the
18 compact, including licensure and renewal of each license applicant, and for
19 defraying the actual cost of compact commission administration, procedures,
20 activities, and programs; provided that such latter fee or fees shall not create a
21 disproportionate cost for any member state.
- 22 (B) Compact fees must relate to participation in live horse or greyhound racing and
23 pari-mutuel wagering activities, whether on-track or off-track, that occur in or
24 affect a member state. No fee shall be adopted except after consultation with
25 relevant advisory committees and interested national industry stakeholders.
- 26 (C) The establishment of a compact fee may include a requirement that a participant in
27 live horse or greyhound racing with pari-mutuel wagering, as a condition of

1 continued participation, collect, hold, and remit to the compact commission funds
2 that belong to a third party, with which it conducts related transactions, that is
3 obliged to pay the compact fee.

4 (D) The compact commission may require fee payments to occur on a periodic basis,
5 accompanied by a sworn report attesting to accuracy and completeness, and may
6 provide that it shall have the power to examine the books and records of any
7 persons required to pay or remit it, for the purpose of ascertaining whether the
8 proper amounts are being paid. Such books and records shall not thereby be made
9 available for public inspection.

10 (E) No fee shall be adopted before the completion of a period of public notice and
11 participation substantially conforming, as may be appropriate to the actions and
12 operations of the compact commission, for making rules under the Model State
13 Administrative Procedure Act of 1981 as amended.

14 ARTICLE IX

15 STATUS AND RELATIONSHIP TO MEMBER STATES

16 (A) The compact commission, as an interstate governmental entity, shall be exempt
17 from all taxation in and by the member states.

18 (B) The compact commission shall not pledge the credit of any member state except by
19 and with the appropriate legal authority of that state.

20 (C) The compact commission shall adopt an annual budget that is sufficient to provide
21 for the payment of the reasonable expenses of its establishment, organization, and
22 ongoing activities, and by which member states shall fully fund the compact
23 commission by the means set forth in this compact.

24 (D) Each member state shall reimburse or otherwise pay the expenses of its
25 commissioner, including any alternate, in the compact commission.

26 (E) No member state, except as provided in Article XII of this compact, shall be held
27 liable for the debts or other financial obligations incurred by the compact

1 commission.

- 2 (F) No member state shall have, while it participates in the compact commission, any
3 claim to or ownership of any property held by or vested in the compact commission
4 or to any compact commission funds held pursuant to this compact except for state
5 license or other fees or moneys collected by the compact commission as its agent.
- 6 (G) The compact dissolves upon the date of the withdrawal of the member state that
7 reduces membership in the compact to one (1) state. Upon dissolution, the compact
8 becomes null and void and shall be of no further force or effect, although rules and
9 programs adopted through this compact shall remain rules and programs in each
10 member state that had adopted or consented to them, and the business and affairs of
11 the racing and wagering compact shall be concluded and any surplus funds shall be
12 distributed to the former member states in accordance with the by-laws.

13 ARTICLE X

14 RIGHTS AND RESPONSIBILITIES OF MEMBER STATES

- 15 (A) Each member state in the compact shall accept the decisions, duly applicable to it,
16 of the compact commission in regard to compact rules, fees, practices, and
17 programs, and the issuance or renewal of licenses.
- 18 (B) When the compact commission determines that an application shall not be
19 processed further, the member states shall not treat this as the denial of a license or
20 otherwise penalize the applicant because of such action by the compact
21 commission.
- 22 (C) Each member state in the compact shall have and exercise the right:
- 23 (1) To charge a fee for the use of a compact license within that member state
24 equal to the fee charged for a comparable state license;
- 25 (2) To apply its own standards and procedures to determine whether the use of a
26 compact commission license should be suspended or revoked in its
27 jurisdiction;

(3) To apply its own standards for licensure or renewal of state applicants who do not meet the licensure requirements of the compact commission, who are within a category of participants in racing and wagering that the compact commission does not license, or who apply to the member state for a state license; and

(4) To apply its own standards and procedures, except as may be provided by rule, to determine whether a participant in live racing or pari-mutuel wagering has violated any rule or regulation in its jurisdiction and to impose an appropriate penalty.

(D) Each member state racing commission shall promptly notify the compact commission, or its designee, whenever the member state has adjudged a violation of any state or compact rule and imposed a suspension or revocation upon a compact commission licensee.

(E) All departments, agencies, bodies, officers, and employees of each member state and its political subdivisions are authorized to cooperate with the compact commission and shall take all necessary and appropriate action, such as to publish proposed and adopted rules in state registries and administrative codes, to effectuate and in furtherance of compact duties or actions that may affect the state.

(F) This compact shall not be construed to diminish or limit the powers and responsibilities of the member state racing commission, or to invalidate any action it has previously taken, except to the extent it has, by its compact commissioner, expressed its consent to a specific rule or other action of the compact commission. The compact commissioner from each state shall serve as the agent of the state racing commission and shall possess substantial racing and wagering knowledge and experience as a regulator or participant in the racing and wagering industry in order to participate effectively in compact rule making.

27 ARTICLE XI

ENFORCEMENT OF COMPACT

(A) Any member state in the compact and the compact commission may initiate legal action in the United States District Court, in any federal district where the compact commission has an office, to enforce compliance by any member state or the compact commission with the compact provisions, by-laws, fees, findings, practices, and programs.

(B) Any member state in the compact and the compact commission may initiate legal action, in any state or federal court, to enforce the compact provisions, fees, practices, and programs against any person, including a non-member state or political subdivision. Member states that benefit from the compact commission, its employees, or one (1) of its provisions, by-laws, fees, findings, practices, or programs shall provide or share in the cost of legal services to defend or uphold them.

(C) The compact commission shall have standing to intervene in any legal action that pertains to the subject matter of the compact and might affect its powers, duties, or actions.

(D) The courts and executive in each member state shall enforce the compact and take all actions necessary and appropriate to effectuate its purposes and intent. Compact provisions, by-laws, and rules shall be received by all judges, departments, agencies, bodies, and officers of each member state and its political subdivisions as evidence of them.

(E) The compact commission may require, from the date a compact fee was required to be paid, interest not to exceed the rate of one percent (1%) per month and a penalty not to exceed five percent (5%). The compact commission may, if it determines that any fees received by it were paid in error, and provided that an application for it is filed with the compact commission within one (1) year from the time the erroneous payment is made, correct the error by a refund, without interest, including from

1 other collected fees.

2 (F) The compact commission, if it determines that a payment or report is in error, may
3 make a finding that fixes the correct amount of the fee. It must issue the finding
4 within three (3) years from when a fee or report was due or filed. The finding shall
5 be final and conclusive unless an application for a hearing is filed by the subject
6 within thirty (30) days. The action of the compact commission in making a final
7 finding, after a hearing, shall be reviewable in state court as provided in this
8 compact.

9 ARTICLE XII

10 LEGAL ACTIONS AGAINST COMPACT

11 (A) Any person may commence a claim, action, or proceeding against the compact
12 commission in state court for damages or to challenge a compact rule, fee, practice,
13 or program that is duly applicable to that state. The compact commission shall have
14 the benefit of the same limits of liability, defenses, rights to indemnity and defense
15 by the state, and other legal rights and defenses for non-compact matters of the state
16 racing commission in the state. All legal rights and defenses that arise from this
17 compact shall also be available to the compact commission.

18 (B) A compact commissioner, alternate, or other member or employee of a state racing
19 commission who undertakes compact activities or duties does so in the course of
20 business of their state racing commission, and shall have the benefit of the same
21 limits of liability, defenses, rights to indemnity and defense by the state, and other
22 legal rights and defenses for noncompact matters of state employees in their state.
23 The executive director and other employees of the compact commission shall have
24 the benefit of these same legal rights and defenses of state employees in the
25 member state in which they are primarily employed. All legal rights and defenses
26 that arise from this compact shall also be available to them.

27 (C) Each member state shall be liable for and pay judgments filed against the compact

1 commission to the extent related to its participation in the compact. Where liability
2 arises from action undertaken jointly with other member states, the liability shall be
3 divided equally among the states for whom the applicable rule, fee, practice,
4 program, or action or omission of the executive director or other employees of the
5 compact commission was undertaken; and no member state shall contribute to or
6 pay, or be jointly or severally or otherwise liable for, any part of any judgment
7 beyond its share as determined in accordance with this article.

8 ARTICLE XIII

9 RESTRICTIONS ON AUTHORITY

10 (A) Notwithstanding anything to the contrary herein, the compact commission shall not
11 adopt any practice, program, or rule that may change Kentucky requirements
12 governing the amount and distribution of the takeout, retention, or breakages on
13 intrastate wagers or that imposes licensure requirements for non-racing or non-
14 wagering employees of any racetrack or off-site wagering facility operating wholly
15 within the state.

16 (B) Kentucky state laws applicable to pari-mutuel racing and wagering shall remain in
17 full force and effect.

18 (C) Notwithstanding anything to the contrary herein, no fee except for services
19 provided by the compact commission shall be adopted by the compact commission
20 in Kentucky without the prior consent of any horsemen (as expressed by their
21 recognized horsemen's organization) licensed by the state racing commission who,
22 or any franchised or state racing commission licensed racing corporation that,
23 would be obliged to pay the fee.

24 ARTICLE XIV

25 CONSTRUCTION, SAVING AND SEVERABILITY

26 (A) This compact shall be liberally construed so as to effectuate its purposes. The
27 provisions of this compact shall be severable and if any phrase, clause, sentence, or

1 provision of this compact is declared to be contrary to the Constitution of the
2 United States or of any member state, or the applicability of this compact to any
3 government, agency, person, or circumstance is held invalid, the validity of the
4 remainder of this compact and its applicability to any government, agency, person,
5 or circumstance shall not be affected. If all or some portion of this compact is held
6 to be contrary to the constitution of any member state, the compact shall remain in
7 full force and effect as to the remaining member states and in full force and effect
8 as to the state affected as to all severable matters.

9 (B) In the event of any allegation, finding, or ruling against the compact or its
10 procedures or actions, provided that a member state has followed the compact's
11 stated procedures, any rule it purported to adopt using the procedures of this statute
12 shall constitute a duly adopted and valid state rule, and any program that it
13 purported to create or agree to using the procedures of this statute shall constitute a
14 duly made and valid state program and multilateral agreement with the other
15 consenting member states.

16 ➔Section 76. KRS 230.377 is amended to read as follows:

17 (1) Other provisions of the Kentucky Revised Statutes notwithstanding, a track may
18 apply to the corporation~~racetrack commission~~ for simulcasting and intertrack
19 wagering dates. Applications shall be submitted in accordance with KRS 230.300.
20 The corporation~~racetrack commission~~ shall not approve the establishment or
21 relocation of a receiving track within a radius of seventy-five (75) miles of a race
22 track duly licensed as of July 15, 1992, without the prior written consent of the
23 licensed track within whose seventy-five (75) mile radius the new receiving track
24 would be located.

25 (2) On or before November 1 of each year, the corporation~~racetrack commission~~ shall
26 meet and award intertrack wagering dates to all tracks for the entire succeeding
27 calendar year. In a geographic area containing more than one (1) track within a fifty

1 (50) mile radius of another track, intertrack wagering, except for quarter horse
2 racing, shall be limited to simulcasting and wagering on racing of the same breed of
3 horse as the receiving track was licensed to race on or before July 15, 1998.

4 (3) The corporation~~[racing commission]~~ shall approve no more than nine (9) tracks for
5 participation in horse racing, intertrack wagering, and simulcasting. Any approval
6 by the corporation~~[racing commission]~~ of a change in location of these tracks shall
7 be subject to the local-approval process contained in KRS 230.380.

8 (4) A track may by administrative regulation be required to simulcast its races to one
9 (1) or more receiving tracks approved for simulcasting and intertrack wagering, as a
10 prerequisite for the issuance of a license pursuant to KRS 230.300, provided that:

11 (a) Each track shall be permitted to exempt one (1) day of racing from
12 simulcasting to both receiving tracks and simulcast facilities, at its discretion;

13 (b) Tracks in a county containing a city of the first class or a consolidated local
14 government and tracks in an urban-county government shall not be required to
15 simulcast to each other or to any other facility in those counties. This
16 provision shall not be construed as requiring tracks within the same county to
17 simulcast to each other; and

18 (c) In the absence of a contract between a host track and a receiving track, the
19 commission shall be split as provided for in KRS 230.378(3).

20 (5) A track may receive simulcasts and conduct interstate wagering thereon subject to
21 the following limitations which shall be in addition to the limitations set forth in
22 KRS 230.3771:

23 (a) A track licensed to conduct Thoroughbred racing may receive simulcasts and
24 conduct interstate wagering on all Thoroughbred horse races designated as
25 graded stakes races by the Graded Stakes Committee of the Thoroughbred
26 Owners and Breeders Association, Inc., without further consents or approvals.

27 (b) A track licensed to conduct harness racing may receive simulcasts and

- 1 conduct interstate wagering on all harness horse races (both final and
2 elimination) having a final purse in excess of seventy-five thousand dollars
3 (\$75,000) without further consents or approvals.
- 4 (c) A track licensed to conduct quarter horse racing may receive simulcasts and
5 conduct interstate wagering on all quarter horse races designated as graded
6 stakes races by the graded stakes committee of the American Quarter Horse
7 Association, without further consents or approvals.
- 8 (d) A track which applies to the corporation~~racing commission~~ to receive an
9 interstate race of a different breed than the breed for which it is licensed by
10 the corporation~~racing commission~~ shall receive any simulcast of an
11 interstate race through the intertrack wagering system upon approval by the
12 corporation~~racing commission~~. Notwithstanding the foregoing, a track
13 licensed to conduct horse racing may receive simulcasts and conduct interstate
14 wagering on quarter horse races, subject to the limitations of KRS 230.3771.
- 15 (e) A track may receive simulcasts of special event races conducted in other
16 states or foreign countries which are determined by the corporation~~racing~~
17 ~~commission~~ to be of sufficient national or international significance or
18 interest to warrant interstate wagering and if the simulcast of these races has
19 been approved by the Kentucky Thoroughbred Owners and Breeders
20 Association, Inc., the Kentucky Division of the Horseman's Benevolent and
21 Protective Association, for Thoroughbred races, and the Kentucky Harness
22 Horsemen's Association for harness racing, and any track conducting live
23 horse races of the same breed at the same time as the simulcast race.
- 24 (f) A track may also receive simulcasts and conduct interstate wagering on
25 Thoroughbred horse races other than those described in paragraphs (a) and (e)
26 of this subsection if the simulcast of these races has been approved by the
27 Kentucky Thoroughbred Owners and Breeders Association, Inc., and the

1 Kentucky Horsemen's Benevolent and Protective Association, for
2 Thoroughbred races, and the Kentucky Harness Horsemen's Association, or
3 its successor, for harness racing.

4 (g) The consent required by paragraph (f) of this subsection or by subsections
5 (1)(g) and (2)(g) of KRS 230.3771 shall not be withheld:

- 6 1. For any reason not specifically related to financial harm to live horse
7 racing; or
- 8 2. As a condition to the granting of any contractual or other concession not
9 specifically related to the effects of interstate simulcasting on live horse
10 racing in this Commonwealth, taken as a whole.

11 (h) A host track located in this state may receive simulcasting of not more than
12 two (2) full cards of racing from another state, if both tracks race horses of the
13 same breed and if:

- 14 1. The race date was previously granted by the Kentucky Horse Racing
15 and Gaming Corporation~~Commission~~ to conduct live racing at the
16 track located in this state;
- 17 2. Live racing was canceled due to weather conditions; and
- 18 3. The consent required by paragraph (e) of this subsection is obtained.

19 (i) The in-state track receiving the simulcast specified in paragraph (h) of this
20 subsection shall offer that simulcast to all participating tracks and simulcast
21 facilities in the intertrack wagering system.

22 (j) All interstate simulcasting shall be conducted in accordance with applicable
23 federal laws.

24 (6) The corporation~~racing commission~~ may promulgate necessary and reasonable
25 administrative regulations for the purpose of administering the conduct of intertrack
26 or interstate wagering and regulating the conditions under which wagering shall be
27 held and conducted. Administrative regulations shall provide for the prevention of

1 practices detrimental to the public interest and to impose penalties for violations.
2 All administrative regulations shall be in conformity with the provisions of KRS
3 Chapter 13A, KRS 138.510, and this chapter.

4 ➔Section 77. KRS 230.3771 is amended to read as follows:

5 (1) A Thoroughbred track licensed to conduct Thoroughbred racing may receive
6 interstate simulcasts of Thoroughbred, quarter horse, paint horse, Appaloosa, and
7 Arabian horse races, and conduct interstate wagering thereon, subject to the
8 following limitations:

9 (a) A Thoroughbred receiving track may receive interstate simulcasts of
10 Thoroughbred races and conduct interstate wagering thereon at any time of
11 day and during any live Thoroughbred horse race meet conducted in the
12 Commonwealth of Kentucky so long as the Thoroughbred receiving track
13 conducting interstate wagering remits to the Thoroughbred host track
14 conducting a live meet, from the first awarded day of its live meet through the
15 last awarded day of the same live meet, the amounts provided in paragraph (j)
16 of this subsection.

17 (b) A Thoroughbred host track which receives interstate simulcasts and conducts
18 interstate wagering thereon during the period of time from the first awarded
19 day of its live meet through the last awarded day of its live meet shall offer
20 the simulcasts to all Thoroughbred receiving tracks, all harness tracks not
21 subject to the provisions of KRS 230.377(2), and all simulcast facilities
22 through the intertrack wagering system.

23 (c) Except as otherwise prohibited by law, a receiving track shall conduct
24 intertrack wagering on all live races of all Thoroughbred host tracks on any
25 day on which it receives an interstate simulcast for the purpose of conducting
26 interstate wagering.

27 (d) No host track shall require that any receiving track or simulcast facility

1 receive the interstate simulcast.

2 (e) If more than one (1) Thoroughbred track conducts live racing at the same time
3 on the same day, no track or simulcast facility may receive an interstate
4 simulcast of Thoroughbred races unless all Thoroughbred tracks conducting
5 live racing at the same time of day agree upon all interstate simulcasts to be
6 received and the division of the Thoroughbred host track's commission. If
7 more than one (1) Thoroughbred track conducts live racing at different times
8 on the same day, the Thoroughbred host track with the highest average daily
9 handle, based on the preceding year, shall be the host track for purposes of
10 splitting the commissions earned on interstate wagering at receiving tracks
11 within the Commonwealth. For purposes of this subsection, average daily
12 handle includes live handle, intertrack wagering handle, and simulcast facility
13 handle. Also for purposes of this subsection, the time of day during which a
14 host track conducts live racing commences with its first published post time
15 and concludes ten (10) minutes after the published post time of its last race of
16 the day, regardless of actual post times.

17 (f) Each Thoroughbred track which desires to conduct interstate wagering
18 pursuant to the provisions of this subsection shall during each year make
19 application to the corporation~~[racing commission]~~ for no less than one
20 hundred percent (100%) of the number of racing days awarded to the track in
21 1994 and one hundred percent (100%) of the number of races scheduled to be
22 run by the track in 1993.

23 (g) Notwithstanding paragraph (f) of this subsection, any Thoroughbred track
24 may apply for less than one hundred percent (100%) of the number of racing
25 days awarded to the track in 1994 or one hundred percent (100%) of the
26 number of races scheduled to be run by the track in 1993, if written approval
27 is obtained from the Kentucky Horsemen's Benevolent and Protective

1 Association and the Kentucky Thoroughbred Owners and Breeders
2 Association, Inc.

3 (h) A separate accounting on all interstate simulcasting shall be submitted to the
4 corporation~~[receiving commission]~~. The accounting shall be submitted in the
5 same format and at the same time that the report for intertrack wagering is
6 submitted.

7 (i) If the only simulcast or simulcasts a track participating as a host track makes
8 available for interstate wagering through this state's intertrack wagering
9 system on any race day are Thoroughbred horse races designated as graded
10 stakes races by the Graded Stakes Committee of the Thoroughbred Owners
11 and Breeders Association, Inc., then the commission of the receiving track on
12 these interstate wagers shall be split as prescribed by KRS 230.378(3);
13 otherwise, the commission of the receiving track shall be split as prescribed
14 by paragraph (j) of this subsection. Interstate simulcasts received by a
15 Thoroughbred host track under the conditions set forth in this paragraph shall
16 not be subject to the conditions set forth in paragraphs (b), (c), (e), and (f) of
17 this subsection.

18 (j) A receiving track's commission on interstate wagering, after deduction of
19 applicable taxes and any amounts required to be paid by contract to the track
20 from which the interstate simulcast originated, shall be split as follows:

- 21 1. Twenty-five percent (25%) to the receiving track where the interstate
22 wagering occurs;
- 23 2. Twenty-five percent (25%) to the Thoroughbred host track designated
24 by paragraphs (a) and (e) of this subsection. However, if the race does
25 not occur between the first awarded day of a live meet and the last
26 awarded day of the same live meet, an additional twenty-five percent
27 (25%) shall be retained by the receiving track where the interstate

1 wagering occurs;

2 3. Twenty-five percent (25%) to the purse program of the receiving track
3 where the interstate wagering occurs; and

4 4. Twenty-five percent (25%) to the purse program of the Thoroughbred
5 host track designated by paragraphs (a) and (e) of this subsection.
6 However, if the race does not occur between the first awarded day of a
7 live meet and the last awarded day of the same live meet, then an
8 additional twenty-five percent (25%) shall be paid to the purse program
9 of the receiving track where the interstate wagering occurs.

10 (k) A simulcast facility's commission on interstate wagering on Thoroughbred
11 racing, after deduction of applicable taxes and any amounts required to be
12 paid by contract to the track from which the interstate simulcast originated,
13 shall be split as provided in KRS 230.380(9).

14 (2) A harness track licensed to conduct harness racing may receive interstate simulcasts
15 of harness horse, quarter horse, paint horse, Appaloosa, and Arabian horse races
16 and conduct interstate wagering thereon subject to the following limitations:

17 (a) A harness receiving track may receive interstate simulcasts of harness races,
18 quarter horse races, paint horse races, Appaloosa races, and Arabian horse
19 races, and conduct interstate wagering thereon at any time of day and during
20 the course of any live harness horse race meet conducted in the
21 Commonwealth of Kentucky so long as the harness receiving track
22 conducting interstate wagering remits to the harness host track conducting a
23 live meet, from the first awarded day of its live meet through the last awarded
24 day of the same live meet, the amounts provided in paragraph (j) of this
25 subsection.

26 (b) A harness host track which receives an interstate simulcast and conducts
27 interstate wagering thereon during its live race meet shall offer the simulcasts

1 to all Thoroughbred receiving tracks not subject to the provisions of KRS
2 230.377(2), all harness tracks, and all simulcast facilities through the
3 intertrack wagering system.

4 (c) Except as otherwise prohibited by law, a harness receiving track or a
5 simulcast facility shall conduct intertrack wagering on all live races of a
6 harness host track on any day it receives an interstate simulcast from a harness
7 host track.

8 (d) No host track shall require that any receiving track or simulcast facility
9 receive the interstate simulcast.

10 (e) If more than one (1) harness track conducts live racing at the same time on the
11 same day, no track or simulcast facility may receive an interstate simulcast on
12 harness races unless all harness tracks conducting live racing at that time of
13 day agree upon the interstate simulcast to be received and the division of the
14 harness host track's commission. If more than one (1) harness track conducts
15 live racing at different times on the same day, the harness host track with the
16 highest average daily handle, based on the preceding year, shall be the host
17 track for purposes of splitting the commissions earned on interstate wagering
18 at receiving tracks within the Commonwealth. For purposes of this subsection,
19 average daily handle includes live handle, intertrack wagering handle, and
20 simulcast facility handle. Also for purposes of this subsection, the time of day
21 during which a host track conducts live racing commences with its first
22 published post time and conclude ten (10) minutes after the published post
23 time of its last race of the day, regardless of actual post times.

24 (f) Each harness track which desires to conduct interstate wagering pursuant to
25 the provisions of this subsection shall during each year make application to
26 the corporation~~[racing commission]~~ for no less than one hundred percent
27 (100%) of the number of racing days awarded to the track in 1994 and one

1 hundred percent (100%) of the number of races scheduled to be run by the
2 track in 1993.

3 (g) Notwithstanding paragraph (f) of this subsection, any harness track may apply
4 for less than one hundred percent (100%) of the number of racing days
5 awarded to the track in 1994 or one hundred percent (100%) of the number of
6 races scheduled to be run by the track in 1993, if written approval is obtained
7 from the Kentucky Harness Horsemen's Association, or its successor.

8 (h) A separate accounting on all interstate simulcasting shall be submitted to the
9 corporation~~[racing commission]~~. This accounting shall be submitted in the
10 same format and at the same time that the report for intertrack wagering is
11 submitted.

12 (i) If the only simulcast or simulcasts a track participating as a harness host track
13 makes available for interstate wagering through this state's intertrack
14 wagering system on any race day are harness horse races (both final and
15 elimination) having a final purse in excess of seventy-five thousand dollars
16 (\$75,000), then the commission of the receiving track on these interstate
17 wagers shall be split as prescribed by KRS 230.378(3); otherwise, the
18 commission of the receiving track shall be split as prescribed by paragraph (j)
19 of this subsection. Interstate simulcasts received by a harness host track under
20 the conditions set forth in this paragraph shall not be subject to the conditions
21 set forth in paragraphs (b), (c), (e), and (f) of this subsection.

22 (j) A receiving track's commission on interstate wagering, after deduction of
23 applicable taxes and any amounts required to be paid by contract to the track
24 from which the interstate simulcast originated, shall be split as follows:

- 25 1. Twenty-five percent (25%) to the receiving track where the interstate
26 wagering occurs;
- 27 2. Twenty-five percent (25%) to the harness host track designated by

- 1 paragraphs (a) and (e) of this subsection. However, if no live meet is
2 occurring, an additional twenty-five percent (25%) shall be retained by
3 the receiving track where the interstate wagering occurs;
- 4 3. Twenty-five percent (25%) to the purse program of the receiving track
5 where the interstate wagering occurs; and
- 6 4. Twenty-five percent (25%) to the purse program of the harness host
7 track designated by paragraphs (a) and (e) of this subsection. However,
8 if no live meet is occurring, an additional twenty-five percent (25%)
9 shall be paid to the purse program of the receiving track where the
10 interstate wagering occurs.
- 11 (k) A simulcast facility's commission on interstate wagering on harness races,
12 after deduction of applicable taxes and any amount required to be paid by
13 contract to the track from which the interstate simulcast originated, shall be
14 split as provided in KRS 230.380(9).
- 15 (3) A harness track may only receive interstate simulcasts of Thoroughbred horse races
16 and conduct interstate wagering thereon as provided in subsection (1)(b) of this
17 section. A Thoroughbred track may only receive interstate simulcasts of harness
18 horse races and conduct interstate wagering thereon as provided in subsection (2)(b)
19 of this section. A simulcast facility may only receive interstate simulcasts of
20 Thoroughbred and harness horse races and conduct interstate wagering thereon as
21 provided in subsections (1)(b) and (2)(b) of this section.
- 22 (4) (a) A Thoroughbred track licensed to conduct horse racing may receive interstate
23 simulcasts of quarter horse, paint horse, Appaloosa, and Arabian horse races
24 and conduct interstate wagering thereon, subject to the limitations stated in
25 paragraph (b) of this subsection.
- 26 (b) A receiving track's commission on interstate wagering, after deduction of
27 applicable taxes and any amounts required to be paid by contract to the track

1 from which the interstate simulcast originated, shall be split as follows:

- 2 1. Twenty-five percent (25%) to the receiving track where the interstate
3 wagering occurs;
- 4 2. Twenty-five percent (25%) to the host track; and
- 5 3. Fifty percent (50%) to the Kentucky quarter horse, paint horse,
6 Appaloosa, and Arabian purse fund established by KRS 230.446 to
7 supplement purses for quarter horse, paint horse, Appaloosa, and
8 Arabian horse races in this state.

9 (5) (a) A harness track licensed to conduct horse racing may receive interstate
10 simulcasts of quarter horse, paint horse, Appaloosa, and Arabian horse races
11 and conduct interstate wagering thereon, subject to the limitations stated in
12 paragraphs (b) and (c) of this subsection.

13 (b) A receiving track's commission on interstate wagering, after deduction of
14 applicable taxes and any amounts required to be paid by contract to the track
15 from which the interstate simulcast originated, shall be split as follows:

- 16 1. Twenty-five percent (25%) to the purse program of the receiving track;
- 17 2. Twenty-five percent (25%) to the purse program of the host track;
- 18 3. Twenty-five percent (25%) to the receiving track; and
- 19 4. Twenty-five percent (25%) to the host track.

20 (c) When a quarter horse, paint horse, Appaloosa, or Arabian horse race is run at
21 a Kentucky race track, the commission to the Kentucky quarter horse, paint
22 horse, Appaloosa, and Arabian purse fund established by KRS 230.446 shall
23 be twenty-two percent (22%) from the host track's purse share.

24 (6) Other provisions of the Kentucky Revised Statutes notwithstanding, any track in a
25 geographic area that contains more than one (1) track within a fifty (50) mile radius
26 of any other track may only receive interstate simulcasts on racing of the same
27 breed of horse as the track was licensed to race on or before July 15, 1998, except

1 any track may receive interstate simulcasts on quarter horse, paint horse,
2 Appaloosa, or Arabian horse races.

3 ➔Section 78. KRS 230.3773 is amended to read as follows:

4 (1) As used in this section, "interstate common wagering pool" means a pari-mutuel
5 pool established in one (1) horse racing jurisdiction that is combined with
6 comparable pari-mutuel pools from at least one (1) horse racing jurisdiction for the
7 purpose of establishing payoff prices in the various jurisdictions.

8 (2) Interstate wagers at a receiving track may form an interstate common wagering pool
9 with wagers at a track in another jurisdiction, and the receiving track may adopt the
10 commission and breakage rates of the track at which the race is being run. The
11 corporation~~[racing commission]~~ may also approve types of wagering, distribution
12 of winnings, and rules of racing for interstate common wagering pools that are
13 different from those that normally apply in Kentucky.

14 (3) Wagers placed on any races run at track in Kentucky may be combined with wagers
15 placed at tracks in other jurisdictions to form an interstate common wagering pool
16 located either within or outside Kentucky.

17 (4) A track's participation in an interstate common wagering pool does not cause that
18 track to be considered to be doing business in any jurisdiction other than the
19 jurisdiction where the track is physically located. Excise taxes and commission
20 rates may not be imposed on any interstate common wagering pool other than on
21 amounts actually wagered in Kentucky. The combination of pari-mutuel pools as
22 provided in this section constitutes the communication of wagering information for
23 purposes of calculating odds and payoffs only and does not constitute the transfer of
24 wagers in interstate commerce.

25 ➔Section 79. KRS 230.378 is amended to read as follows:

26 (1) A receiving track may accept wagers only at the track where it is licensed to
27 conduct its race meeting or conduct intertrack wagering. A receiving track may

1 accept wagers through a telephone account wagering system. Wagers at a receiving
2 track, simulcast facility, or on telephone account wagering shall form a common
3 pool with wagers at a host track. This common pool requirement shall not apply to
4 wagers made in connection with interstate simulcasting pursuant to KRS 230.3771;
5 however, common pools shall be encouraged.

6 (2) Except as provided in KRS 230.3771(2), the commission of a receiving track,
7 simulcast facility, or on telephone account wagering shall be the same as the
8 commission of the host track as determined in KRS 230.3615 or 230.750.

9 (3) In the absence of a valid contract with a horsemen's organization, the commission
10 of a receiving track, after deduction of applicable taxes and other applicable
11 deductions, shall be split as follows: twenty-two percent (22%) to the host track,
12 twenty-two percent (22%) to the purse program at the host track, twenty-two
13 percent (22%) to the receiving track and twenty-two percent (22%) to the purse
14 program at the receiving track. Twelve percent (12%) of the commission shall be
15 allocated evenly between the host track and the receiving track to cover the cost of
16 simulcasting, unless otherwise agreed to by contract.

17 (4) The deduction for the backside improvement fund, as provided for in KRS
18 230.3615(4) shall not apply to the commission or pari-mutuel tax of a receiving
19 track or telephone account wagering.

20 (5) A receiving track shall be exempt from any license fee imposed by statute or
21 administrative regulation by the corporation~~racing commission~~.

22 ➔Section 80. KRS 230.379 is amended to read as follows:

23 (1) A track may engage in telephone account wagering, if all moneys used to place
24 telephone account wagers are on deposit in an amount sufficient to cover the
25 wagers at the track where the account is opened. All moneys wagered by telephone
26 account wagering shall be subject to the applicable pari-mutuel tax levied in KRS
27 138.510 and shall form a common pool with other pari-mutuel pools at the track for

1 each posted race. The corporation~~[racing commission]~~ shall have authority to
2 promulgate necessary and reasonable administrative regulations to regulate the
3 conduct of telephone account wagering, including regulations for the deposit of
4 funds by credit or debit cards or other means of electronic funds transfer.

5 (2) A track shall accept and tabulate a telephone account wager only from the holder of
6 a telephone wagering account. No person shall directly or indirectly act as an
7 intermediary, transmitter, or agent in the placing of wagers for a holder of a
8 telephone wagering account. No person shall in any manner place a wager through
9 telephone account wagering, on behalf of a holder of a telephone wagering account.
10 Only the holder of a telephone wagering account shall place a telephone wager.
11 Any person violating this subsection shall be guilty of a Class A misdemeanor.

12 (3) Telephone account wagering conducted in accordance with the provisions of this
13 section shall not be considered a violation of KRS 528.110.

14 ➔Section 81. KRS 230.380 is amended to read as follows:

15 (1) Any track licensed by the corporation~~[racing commission]~~ to conduct horse racing
16 and desiring to establish a simulcast facility shall apply for and may receive
17 approval from the corporation~~[racing commission]~~ for each simulcast facility. Prior
18 to considering an application for approval of a simulcast facility, the
19 corporation~~[racing commission]~~ shall notify by regular mail, each state senator,
20 state representative, county judge/executive, and mayor in the jurisdiction in which
21 the proposed simulcast facility is located, at least ten (10) days in advance of the
22 corporation~~[racing commission]~~ meeting at which the application is to be
23 considered or voted upon. Consideration of an application shall be based on criteria
24 contained in administrative regulations promulgated under KRS 230.300. Approval,
25 if granted, shall be granted for a term of one (1) calendar year.

26 (2) A track or tracks may proceed with the establishment of a simulcast facility unless,
27 within sixty (60) days of the date on which the corporation~~[racing commission]~~

1 approved the facility, the governing body of the local government jurisdiction in
2 which the facility is to be located votes, by simple majority of those voting, to
3 disapprove the establishment of the simulcast facility. For the purposes of this
4 section, "governing body" means, in an incorporated area, the board of aldermen,
5 city council or board of commissioners; in a county, the fiscal court; in an urban-
6 county government, the urban-county council, or in a charter county, the legislative
7 body created in accordance with KRS 67.825 to 67.875.

8 (3) The corporation~~[racing commission]~~ shall not approve the establishment of any
9 simulcast facility within a radius of fifty (50) miles of a licensed track. The
10 corporation~~[racing commission]~~ may approve the establishment of one (1)
11 simulcast facility within a radius of greater than fifty (50) miles but less than
12 seventy-five (75) miles of a licensed track, but the facility shall not be approved to
13 operate without the prior written consent of the licensed track within whose
14 seventy-five (75) mile radius the facility is located.

15 (4) The corporation~~[racing commission]~~ may promulgate administrative regulations as
16 it deems appropriate to protect the integrity of pari-mutuel wagering at any
17 simulcast facility.

18 (5) Licensed tracks conducting horse racing may enter into joint agreements to
19 establish or operate one (1) or more simulcast facilities, on terms and conditions as
20 the participating tracks may determine. Any agreements respecting these
21 arrangements shall be filed with the corporation~~[racing commission]~~, and
22 applications for simulcast facilities shall be filed by and licenses may be issued to,
23 these licensed tracks by the corporation~~[racing commission]~~.

24 (6) A simulcast facility may be established and operated on property that is owned or
25 leased and which is not used solely for the operation of a simulcast facility;
26 provided however, that a simulcast facility may not be established on the premises
27 of a lottery vendor.

- 1 (7) A simulcast facility shall not be subject to and shall not pay any excise tax imposed
2 pursuant to KRS 138.510, or any license tax imposed under KRS 137.170.
- 3 (8) One percent (1%) of all moneys wagered at a simulcast facility shall be dedicated
4 for local economic development and shall be allocated as follows:
- 5 (a) If a simulcast facility is located in an incorporated area, seventy-five percent
6 (75%) shall be allocated to the governing body of the city in which the facility
7 is located, and twenty-five percent (25%) to the governing body of the county
8 in which the facility is located.
- 9 (b) If a simulcast facility is located in an unincorporated area, all moneys shall be
10 allocated to the governing body of the county or charter county in which the
11 facility is located.
- 12 (9) (a) After the deduction of moneys under subsection (8) of this section, simulcast
13 facility shall deduct a commission allowed under KRS 230.3615 with respect
14 to all wagers made at the simulcast facility. The commission, less moneys
15 allocated in subsection (8) of this section, shall be split as follows:
- 16 1. Thirty percent (30%) shall be allocated to the host track;
17 2. Forty-six and one-half percent (46.5%) to the purse program at the host
18 track;
19 3. Thirteen and one-half percent (13.5%) to be retained by the track or
20 tracks owning the simulcast facility for the purpose of application to
21 expenses incurred in connection therewith;
22 4. Six percent (6%) to be allocated to the Kentucky Thoroughbred Owners
23 and Breeders, Inc., to be expended as follows:
24 a. Up to three percent (3%) for capital improvements and promotion
25 of off-track betting; and
26 b. The remainder for marketing and promoting the Kentucky
27 Thoroughbred industry; and

1 5. Four percent (4%) to be allocated to the corporation~~racetrack~~
2 ~~commission~~ to be used for purses at county fairs in Kentucky licensed
3 and approved by the corporation~~racetrack commission~~, and for the
4 standardbred sires stakes program established under KRS 230.770.

5 (b) The commission of a simulcast facility derived from interstate wagering shall
6 be reduced by any amounts required to be paid by contract to the host track or
7 track conducting the live race before it is divided as set forth in this section.
8 No simulcast facility may receive any interstate simulcast except with the
9 approval of the live Kentucky host track.

10 (c) The Kentucky Thoroughbred Owners and Breeders, Inc., shall annually report
11 to the corporation~~racetrack commission~~ on all money expended in accordance
12 with subsection (9)(a)4. of this section. The report shall be in the form
13 required, and provide all information required by the corporation~~racetrack~~
14 ~~commission~~.

15 (10) Subsections (1) and (2) of this section shall also apply to the establishment by a
16 track of a noncontiguous facility in a county in which pari-mutuel racing and
17 wagering is not being conducted. Subsection (8) of this section shall also apply to a
18 noncontiguous race track facility referenced in this subsection, unless there is a
19 written agreement to the contrary between the track establishing the facility and the
20 governing body of the local government jurisdiction in which the facility is to be
21 established.

22 ➔Section 82. KRS 230.398 is amended to read as follows:

23 All sums reported and paid to the corporation~~racetrack commission~~ under the provisions
24 of KRS 230.361 to 230.373 by any licensee conducting a harness race meeting shall be
25 used by it for purses at harness racing events at county fairs within the Commonwealth of
26 Kentucky that have been licensed and approved by it. The corporation may~~racetrack~~
27 ~~commission shall have the authority to~~ promulgate administrative regulations~~as may be~~

1 ~~necessary~~ for the conduct of these races.

2 ➔Section 83. KRS 230.400 is amended to read as follows:

- 3 (1) There is hereby created a trust and revolving fund for the Kentucky Horse Racing
4 and Gaming Corporation~~[Commission]~~, designated as the Kentucky Thoroughbred
5 development fund, consisting of money allocated to the fund under the provisions
6 of KRS 138.510, together with other money contributed to or allocated to the fund
7 from all other sources. Money to the credit of the Kentucky Thoroughbred
8 development fund shall be distributed by the Treasurer for the purposes of this
9 section upon authorization of the Kentucky Horse Racing and Gaming
10 Corporation~~[Commission]~~ ~~and upon approval of the secretary of the Finance and~~
11 ~~Administration Cabinet~~. Money from the Kentucky Thoroughbred development
12 fund shall be allocated to each licensed association in an amount equal to the
13 amount the association contributed to the fund. Money to the credit of the Kentucky
14 Thoroughbred development fund at the end of each fiscal year shall not lapse, but
15 shall be carried forward in such fund to the succeeding fiscal year.
- 16 (2) There is hereby established, under the general jurisdiction of the Kentucky Horse
17 Racing and Gaming Corporation~~[Commission]~~, a Kentucky Thoroughbred
18 Development Fund Advisory Committee. The advisory committee shall consist of
19 five (5) members, all of whom shall be residents of Kentucky, to be appointed by
20 the chairman of the Kentucky Horse Racing and Gaming
21 Corporation~~[Commission]~~ by July 1 of each year. The committee shall consist of
22 two (2) Thoroughbred breeders recommended by the Kentucky Thoroughbred
23 Owners and Breeders, Inc.; one (1) Thoroughbred owner recommended by the
24 Kentucky division of the Horsemen's Benevolent and Protective Association; one
25 (1) officer or director of a licensed association conducting Thoroughbred racing in
26 Kentucky, recommended by action of all of the licensed associations conducting
27 Thoroughbred racing in Kentucky; and one (1) member of the Kentucky Horse

1 Racing and Gaming Corporation~~[Commission]~~. If any member other than the
2 corporation~~[racing commission]~~ member has not been recommended for
3 appointment by July 1 of each year, the chairman of the Kentucky Horse Racing
4 and Gaming Corporation~~[Commission]~~ shall make an appointment for the
5 organization or organizations failing to recommend a member of the committee.
6 The members of the advisory committee shall serve without compensation, but shall
7 be entitled to reimbursement for all expenses incurred in the discharge of official
8 business. The advisory committee shall select from its membership annually a
9 chairman and a vice chairman.

10 (3) (a) The Kentucky Thoroughbred Development Fund Committee shall advise and
11 assist the Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ in
12 the development of the supplemental purse program provided herein for
13 Kentucky-bred Thoroughbreds, shall make recommendations to the
14 corporation~~[racing commission from time to time]~~ with respect to the
15 establishment of guidelines, administrative regulations for the provision of
16 supplemental purses, the amount thereof, the races for which the purses are to
17 be provided and the conditions thereof, manner and method of payment of
18 supplemental purses, registry of Thoroughbred stallions standing within the
19 Commonwealth of Kentucky, registry of Kentucky-bred Thoroughbreds for
20 purposes of this section, nature and type of forms and reports to be employed
21 and required in connection with the establishment, provision for, award and
22 payment of supplemental purses, and with respect to all other matters
23 necessary in connection with the carrying out of the intent and purposes of
24 this section.

25 (b) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
26 employ qualified personnel as may be required to assist the
27 corporation~~[racing commission]~~ and the advisory committee in carrying out

1 the provisions of this section. These persons shall serve at the pleasure of the
2 corporation~~racine commission~~ and compensation for these personnel shall
3 be fixed by the corporation~~racine commission~~. The compensation of these
4 personnel and the necessary expenses incurred by the corporation~~racine~~
5 ~~commission~~ or by the committee in carrying out the provisions of this section
6 shall be paid out of the Kentucky Thoroughbred development fund.

7 (4) The Kentucky Horse Racing and Gaming Corporation~~Commission~~, with the
8 advice and assistance of the Kentucky Thoroughbred Development Fund Advisory
9 Committee, shall use the Kentucky Thoroughbred development fund to promote,
10 enhance, improve, and encourage the further and continued development of the
11 Thoroughbred breeding industry in Kentucky by providing, out of the Kentucky
12 Thoroughbred development fund, supplemental purses for designated stakes,
13 handicap, allowance, nonclaiming maiden races, and claiming races contested at
14 licensed Thoroughbred race meetings in Kentucky. The Kentucky Horse Racing
15 and Gaming Corporation~~Commission~~ shall, by administrative regulation
16 promulgated in accordance with KRS Chapter 13A, establish the requirements,
17 conditions, and procedures for awarding and payment of supplemental purses in
18 designated races by Kentucky-bred Thoroughbred horses. That portion of the
19 supplemental purse provided for any designated race shall be awarded and paid to
20 the owner of the horse only if the horse is a Kentucky-bred Thoroughbred duly
21 registered with the official registrar. Any portion of the supplemental purse which is
22 not awarded and paid over shall be returned to the Kentucky Thoroughbred
23 development fund.

24 (5) (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall
25 mean and include only a Thoroughbred stallion standing the entire breeding
26 season in Kentucky and registered as a Kentucky Thoroughbred stallion with
27 the official registrar of the Kentucky Thoroughbred development fund.

- 1 (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term
2 "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and
3 include only Thoroughbred horses sired by Kentucky Thoroughbred stallions
4 foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the
5 official registrar of the Kentucky Thoroughbred development fund.
- 6 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a
7 Kentucky-bred Thoroughbred for purposes of this section if the horse was
8 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud
9 within Kentucky at the time of conception of such Thoroughbred, provided
10 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with
11 the official registrar of the Kentucky Thoroughbred development fund.
- 12 (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to
13 demand, claim, and receive a portion of a supplemental purse provided by the
14 Kentucky Thoroughbred development fund, the Thoroughbred horse in a
15 designated race for which a supplemental purse has been provided by the
16 Kentucky Thoroughbred development fund must have been duly registered as
17 a Kentucky-bred Thoroughbred with the official registrar of the Kentucky
18 Thoroughbred development fund prior to entry in the race.
- 19 (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and
20 designated as the sole official registrar of the Kentucky Thoroughbred
21 development fund for the purposes of registering Kentucky Thoroughbred
22 stallions and Kentucky-bred Thoroughbreds in accordance with the terms of
23 this section and any administrative regulations promulgated by the Kentucky
24 Horse Racing and Gaming Corporation~~[Commission]~~. When a Kentucky-
25 bred Thoroughbred is registered with the official registrar, the registrar shall
26 be authorized to stamp the Jockey Club certificate issued for the
27 Thoroughbred with the seal of the registrar, certifying that the Thoroughbred

1 is a duly qualified and registered Kentucky-bred Thoroughbred for purposes
2 of this section. The registrar may establish and charge, with the approval of
3 the corporation~~racing commission~~, reasonable registration fees for its
4 services in the registration of Kentucky Thoroughbred stallions and in the
5 registration of Kentucky-bred Thoroughbreds. Registration records of the
6 registrar shall be public records and open to public inspection at all normal
7 business hours and times.

8 (b) Any interested party aggrieved by the failure or refusal of the official registrar
9 to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-
10 bred Thoroughbred shall have the right to file with the corporation~~racing~~
11 ~~commission~~, within thirty (30) days of such failure or refusal of the registrar,
12 a petition seeking registration of the Thoroughbred. The corporation~~racing~~
13 ~~commission~~ shall promptly hear the matter de novo and issue its order
14 directing the official registrar to register or not to register as it may be
15 determined by the corporation~~racing commission~~.

16 (7) The Kentucky Horse Racing and Gaming Corporation~~Commission~~ shall
17 promulgate administrative regulations as may be necessary to carry out the
18 provisions and purposes of this section, including the promulgation of
19 administrative regulations and forms as may be appropriate for the proper
20 registration of Kentucky stallions and Kentucky-bred Thoroughbreds with the
21 official registrar, and shall administer the Kentucky-bred Thoroughbred program
22 created hereby in a manner best designed to promote and aid in the further
23 development of the Thoroughbred breeding industry in Kentucky, to upgrade the
24 quality of Thoroughbred racing in Kentucky, and to improve the quality of
25 Thoroughbred horses bred in Kentucky.

26 ➔Section 84. KRS 230.445 is amended to read as follows:

27 (1) There is hereby created a trust and revolving fund for the Kentucky Horse Racing

1 and Gaming Corporation~~[Commission]~~ designated the Kentucky quarter horse,
2 paint horse, Appaloosa, and Arabian development fund, consisting of money
3 allocated to the fund under KRS 230.3771 together with any other money
4 contributed to or allocated to the fund from all other sources. For the purposes of
5 this section, "development fund" or "fund" means the Kentucky quarter horse, paint
6 horse, Appaloosa, and Arabian development fund. Money to the credit of the
7 development fund shall be distributed by the Treasurer for the purposes provided in
8 this section, upon authorization of the Kentucky Horse Racing and Gaming
9 Corporation~~[Commission and upon approval of the secretary of the Finance and~~
10 ~~Administration Cabinet]~~. Notwithstanding KRS 45.229, money to the credit of the
11 fund at the end of the fiscal year shall not lapse but shall be carried forward in the
12 fund to the succeeding fiscal year. Interest earnings of the fund shall become a part
13 of the fund and shall not lapse. Moneys in the fund shall be used and are hereby
14 appropriated for purposes specified in this section.

15 (2) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall use the
16 development fund to promote races and to provide purses for races for horses bred
17 and foaled in the Commonwealth. The corporation~~[commission]~~ shall provide for
18 distribution of money to the credit of the development fund to persons,
19 corporations, or associations operating licensed tracks within Kentucky conducting
20 quarter horse, paint horse, Appaloosa, or Arabian horse racing, on an equitable
21 basis as determined by the corporation~~[commission]~~ and in conformance with
22 subsection (3) of this section.

23 (3) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall:
24 (a) Fix the amount of money to be paid from the development fund to be added to
25 the purse provided for each race by the licensed operator of the track;
26 (b) Fix the dates and conditions of races to be held by licensed tracks; and
27 (c) Promulgate administrative regulations necessary to carry out the provisions of

1 this section.

2 Money from the fund shall be allocated to each breed of horse represented in the
3 fund in an amount equal to the amount the breed has contributed to the fund.

4 (4) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall appoint
5 qualified personnel as necessary to:

6 (a) Supervise registration of, or determine the eligibility of, horses entitled to
7 entry in races which receive a portion of purse money from the development
8 fund; and

9 (b) Assist the corporation~~[commission]~~ in determining the conditions, class, and
10 quality of the fund-supported race program established to carry out the
11 purposes of this section.

12 The personnel shall serve at the pleasure of the corporation~~[commission]~~ and
13 compensation shall be fixed by the corporation~~[commission]~~ with the
14 compensation and necessary expenses of the personnel paid from the development
15 fund.

16 (5) The corporation~~[commission]~~ shall promulgate administrative regulations to carry
17 out the provisions of this section and shall administer the Kentucky quarter horse,
18 paint horse, Appaloosa, and Arabian development fund in a manner designed to:

19 (a) Promote and aid in the development of the horse industry in Kentucky;

20 (b) Upgrade the quality of racing in Kentucky; and

21 (c) Improve the quality of horses bred in Kentucky.

22 ➔Section 85. KRS 230.446 is amended to read as follows:

23 (1) The Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund is
24 created as a trust and agency fund to be administered by the Kentucky Horse
25 Racing and Gaming Corporation~~[Commission]~~ and shall consist of moneys
26 allocated to the fund under KRS 230.3771 together with any other moneys
27 contributed to or allocated to the fund from all other sources. For the purposes of

1 this section, "purse fund" or "fund" means the Kentucky quarter horse, paint horse,
2 Appaloosa, and Arabian purse fund.

3 (2) Notwithstanding KRS 45.229, money to the credit of the fund at the end of the
4 fiscal year shall not lapse but shall be carried forward in the fund to the succeeding
5 fiscal year. Interest earnings of the fund shall become a part of the fund and shall
6 not lapse.

7 (3) Moneys in the fund shall be used and are hereby appropriated for purposes
8 specified in this section.

9 (4) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall use the
10 purse fund to promote racing and to provide purses for races conducted in the
11 Commonwealth as follows:

12 (a) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
13 provide for distribution of money from the fund to persons, corporations, or
14 associations operating licensed tracks within the Commonwealth conducting
15 quarter horse, paint horse, Appaloosa, or Arabian horse racing;

16 (b) Moneys from the purse fund shall be allocated to each breed of horse
17 represented in the fund in proportion to the amount each breed has contributed
18 to the fund; and

19 (c) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
20 consult with the Kentucky Quarter Horse Racing Association or its successor,
21 the Kentucky Appaloosa Owners Association or its successor, the Kentucky
22 Paint Horse Club or its successor, and the Kentucky Arabian Horse
23 Association or its successor, to designate the races and the amount of purse
24 money to be provided for designated races for each breed respectively.

25 (5) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall:

26 (a) Fix the dates and conditions of races to be held by licensed tracks;

27 (b) Fix the amount of money to be paid from the fund to be added to the purse

1 provided for each race by the licensed operator of the track; and

2 (c) Promulgate administrative regulations necessary to carry out the provisions of
3 this section.

4 (6) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall carry
5 out the provisions of this section and administer the purse fund in a manner
6 designed to promote and aid in the development of the horse industry in Kentucky
7 and upgrade the quality of horse racing in Kentucky.

8 ➔Section 86. KRS 230.750 is amended to read as follows:

9 The commission, including the tax levied in KRS 138.510, deducted from the gross
10 amount wagered by the person, corporation, or association which operates a harness
11 horse track under the jurisdiction of the corporation~~[racing commission]~~ at which betting
12 is conducted through a pari-mutuel or other similar system shall not exceed eighteen
13 percent (18%) of the gross amount handled on straight wagering pools and twenty-five
14 percent (25%) of the gross amount handled on multiple wagering pools, plus the breaks,
15 which shall be made and calculated to the penny, except on races previously run in which
16 the breaks shall be made and calculated to the penny or retained in the pari-mutuel pools.
17 Multiple wagering pools shall include daily double, perfecta, double perfecta, quinella,
18 double quinella, trifecta, and other types of exotic betting. An amount equal to three
19 percent (3%) of the total amount wagered and included in the commission of a harness
20 host track shall be allocated by the harness host track in the following manner. Two
21 percent (2%) shall be allocated to the host for capital improvements, promotions,
22 including advertising, or purses, as the host track shall elect. Three-quarters of one
23 percent (3/4 of 1%) shall be allocated to overnight purses. One-quarter of one percent
24 (1/4 of 1%) shall be allocated to the Kentucky standardbred development fund. This
25 allocation shall be made after deduction from the commission of the pari-mutuel tax but
26 prior to any other deduction, allocation or division of the commission.

27 ➔Section 87. KRS 230.752 is amended to read as follows:

1 All harness racetracks licensed by the corporation~~[racing commission]~~ shall not be
2 required to pay the excise tax imposed under KRS 138.510(2), and the amount that would
3 have been paid under those subsections shall be retained by the track to promote and
4 maintain its facilities and its live meet.

5 ➔Section 88. KRS 230.760 is amended to read as follows:

6 No licensee conducting a race or meet hereunder, no member of the corporation~~[racing~~
7 ~~commission]~~, judge, or assistant official appointed to act as such pursuant to this chapter,
8 shall be liable for damages to any person, association, or corporation for any cause
9 whatsoever arising out of or from the performance by the licensee, member of the
10 corporation~~[racing commission]~~, judge, or assistant official of his or her duties and the
11 exercise of the person's~~[his]~~ discretion with respect thereto, so long as he or she acted in
12 good faith, without malice or improper motive.

13 ➔Section 89. KRS 230.770 is amended to read as follows:

14 (1) There is hereby created a trust and revolving fund for the Kentucky Horse Racing
15 and Gaming Corporation~~[Commission]~~, designated as the Kentucky standardbred
16 development fund, consisting of money allocated to the fund under the provisions
17 of KRS 138.510, together with any other money contributed to or allocated to the
18 fund from all other sources. For the purposes of this section, "development fund" or
19 "fund" means the Kentucky standardbred development fund. Money to the credit of
20 the development fund shall be distributed by the Treasurer for the purposes
21 provided in this section, upon authorization of the Kentucky Horse Racing and
22 Gaming Corporation~~[Commission and upon approval of the secretary of the~~
23 ~~Finance and Administration Cabinet]~~. Money to the credit of the fund at the end of
24 each fiscal year shall not lapse but shall be carried forward in the fund to the
25 succeeding fiscal year.

26 (2) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall use the
27 development fund to promote races, and to provide purses for races, for Kentucky-

1 bred standardbred horses.

2 (3) The corporation~~[racing commission]~~ shall provide for distribution of money to the
3 credit of the development fund to persons, corporations, or associations operating
4 licensed standardbred race tracks within Kentucky on an equitable basis, for the
5 purpose of conducting separate races for Kentucky-bred standardbred horses, both
6 trotting and pacing.

7 (4) Money distributed from the development fund to licensed standardbred race tracks
8 within the Commonwealth shall be used exclusively to promote races and provide
9 purses for races conditioned to admit only Kentucky-bred standardbred horses.

10 (5) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall fix the
11 amount of money to be paid from the development fund to be added to the purse
12 provided for each race by the licensed operator of the track; shall fix the dates and
13 conditions of races to be held by licensed race tracks; and shall promulgate
14 administrative regulations necessary to carry out the provisions of this section.

15 (6) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ may
16 promulgate administrative regulations necessary to determine the eligibility of
17 horses for entry in races for which a portion of the purse is provided by money of
18 the development fund, including administrative regulations for the eligibility,
19 residency, and registration of mares, stallions, and progeny thereof. Registration of
20 stallions may occur any time during the breeding season, but shall occur no later
21 than December 31 of the year of conception of the eligible horse.

22 (7) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall appoint
23 qualified personnel necessary to supervise registration of, or determination of
24 eligibility of, horses entitled to entry in races, a portion of the purse of which is
25 provided by the development fund, to assist the corporation~~[racing commission]~~ in
26 determining the conditions, class, and quality of the fund supported race program to
27 be established hereunder so as to carry out the purposes of this section. These

1 persons shall serve at the pleasure of the corporation~~[racing commission]~~ and
2 compensation shall be fixed by the corporation~~[racing commission]~~. The
3 compensation of personnel and necessary expenses shall be paid out of the
4 development fund. The corporation~~[racing commission]~~ shall promulgate
5 administrative regulations to carry out the provisions of this section, and shall
6 administer the Kentucky sire stakes program created hereby in a manner best
7 designed to promote and aid in the development of the horse industry in Kentucky;
8 to upgrade the quality of racing in Kentucky; and to improve the quality of horses
9 bred in Kentucky.

10 ➔Section 90. KRS 230.775 is amended to read as follows:

11 As used in KRS 230.775 to 230.785, unless the context requires otherwise:

- 12 (1) "Hub" means an international wagering hub, a business which, through a qualified
13 subscriber-based service, conducts pari-mutuel wagering on the horse races that it
14 simulcasts and other races that it carries in its wagering menu;
- 15 (2) "Qualified subscriber-based service" means any information service or system,
16 including but not limited to a closed-loop system, that uses:
- 17 (a) A device or combination of devices authorized and operated exclusively for
18 placing, receiving, or otherwise making pari-mutuel wagers on horse races by
19 a customer subscriber base through accounts established with the operator of
20 the hub;
- 21 (b) An effective customer verification and age verification system; and
- 22 (c) Appropriate data security standards to prevent unauthorized access by
23 nonsubscribers or minors;
- 24 (3) "Foreign jurisdiction" means states other than Kentucky, a territory of the United
25 States, a foreign country, or any political subdivision thereof;
- 26 (4) "Corporation~~[Racing Commission]~~" means the Kentucky Horse Racing and
27 Gaming Corporation~~[Commission]~~ or its successor; and

1 (5) "Call center" means that portion of a qualified subscriber-based service that is
2 physically located in the Commonwealth, where wagers are placed, received, or
3 otherwise made by a customer subscriber base through accounts established with
4 the operator of the hub.

5 ➔Section 91. KRS 230.779 is amended to read as follows:

6 (1) Notwithstanding KRS 230.361(1), a licensee may operate the hub either
7 independently or in association with one (1) or more racetracks licensed by the
8 corporation~~[racing commission]~~ to run live races and conduct pari-mutuel
9 wagering in Kentucky. Hub operations may be physically located on property other
10 than that operated by a racetrack and may accept wagers at that location and shall
11 comply with the Interstate Horseracing Act, 15 U.S.C. secs. 3001 to 3007.

12 (2) As a part of the application for licensure as a hub, an applicant shall submit a
13 detailed plan of operations in a format and containing any information as required
14 by the corporation~~[racing commission]~~. The application shall be accompanied by
15 an application fee to cover incremental costs to the corporation~~[racing~~
16 ~~commission]~~, in an amount the corporation~~[racing commission]~~ determines to be
17 appropriate. At a minimum, the operating plan shall address the following:

- 18 (a) The manner in which the proposed wagering system will operate, including its
19 proposed operating schedule;
- 20 (b) The requirements for a qualified subscriber-based service set out in KRS
21 230.775; and
- 22 (c) The requirements for accounts established and operated for persons whose
23 principal residence is outside of the Commonwealth of Kentucky.

24 (3) The corporation~~[racing commission]~~ may require changes in a proposed plan of
25 operations as a condition of licensure. Subsequent material changes in the system's
26 operation shall not occur unless approved by the corporation~~[racing commission]~~.

27 (4) The corporation~~[racing commission]~~ may conduct investigations or inspections or

1 request additional information from any applicant as it deems appropriate in
2 determining whether to approve the license application.

3 (5) An applicant licensed under this section may enter into any agreements that are
4 necessary to promote, advertise, and further the sport of horse racing, or for the
5 effective operation of hub operations, including, without limitation, interstate
6 account wagering, television production, and telecommunications services.

7 (6) The corporation~~[racing commission]~~ shall promulgate administrative regulations to
8 effectuate the provisions of KRS 230.775 to 230.785. The administrative
9 regulations shall include but not be limited to criteria for licensing, the application
10 process, the format for the plan of operations, requisite fees, procedures for
11 notifying the corporation~~[racing commission]~~ of substantive changes, contents of
12 agreements entered into under subsection (5) of this section, procedures for
13 accounting for wagers made, and other matters reasonably necessary to implement
14 KRS 230.775 to 230.785.

15 (7) The corporation~~[racing commission]~~ may require the hub to make the following
16 payments to the corporation~~[racing commission]~~:

- 17 (a) A license fee not to exceed two hundred dollars (\$200) per operating day; and
18 (b) A fee of not more than one percent (1%) of the hub's total gross wagering
19 receipts.

20 (8) A hub's records and financial information shall not be subject to the provisions of
21 KRS 61.870 to 61.884.

22 (9) The Auditor of Public Accounts may review and audit all records and financial
23 information of the hub, including all account information. The Auditor shall prepare
24 a report of the review and audit which shall not contain any proprietary information
25 regarding the hub. A copy of the report shall be sent to the Legislative Research
26 Commission for referral to the appropriate committee.

27 ➔Section 92. KRS 230.785 is amended to read as follows:

1 The corporation~~[racing commission]~~ or its staff shall, upon request, be given access, for
2 review and audit, to all records and financial information of the hub operator, including
3 all account information. The corporation~~[racing commission]~~ may require that the hub
4 operator annually submit to the corporation~~[racing commission]~~ audited financial
5 statements.

6 ➔Section 93. KRS 230.800 is amended to read as follows:

7 (1) There is hereby created in the State Treasury a trust and revolving fund designated
8 as the "Kentucky Thoroughbred breeders incentive fund." The fund shall be
9 administered by the Kentucky Horse Racing and Gaming
10 Corporation~~[Commission]~~. For all tax periods beginning on or after June 1, 2005,
11 eighty percent (80%) of all receipts collected under KRS 139.531(1)(a) from the
12 sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall
13 be deposited in the fund together with any other money contributed, appropriated,
14 or allocated to the fund from all other sources. The money deposited in the fund is
15 hereby appropriated for the uses set forth in this section. Any money remaining in
16 the fund at the close of any calendar year shall not lapse but shall be carried forward
17 to the next calendar year. The fund may also receive additional state appropriations,
18 gifts, grants, and federal funds. All interest earned on money in the fund shall be
19 credited to the fund.

20 (2) (a) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
21 use moneys deposited in the Kentucky Thoroughbred breeders incentive fund
22 to administer the fund and provide rewards for breeders of horses bred and
23 foaled in Kentucky.

24 (b) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
25 promulgate administrative regulations establishing the conditions and criteria
26 for the distribution of moneys from the fund.

27 (c) The Department of Revenue may promulgate administrative regulations

1 establishing the procedures necessary to determine the correct allocation of
2 sales tax receipts described in subsection (1) of this section.

3 (d) As soon as practicable after the close of each calendar year, the
4 corporation~~[racing commission]~~ shall disburse to breeders of horses moneys
5 in the Kentucky Thoroughbred breeders incentive fund pursuant to the
6 administrative regulations promulgated pursuant to paragraph (b) of this
7 subsection.

8 ➔Section 94. KRS 230.802 is amended to read as follows:

9 (1) There is hereby created in the State Treasury a trust and revolving fund designated
10 as the "Kentucky standardbred breeders incentive fund." The fund shall be
11 administered by the Kentucky Horse Racing and Gaming
12 Corporation~~[Commission]~~. For tax periods beginning on or after June 1, 2005,
13 thirteen percent (13%) of all receipts collected under KRS 139.531(1)(a) from the
14 sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall
15 be deposited in the fund together with any other money contributed, appropriated,
16 or allocated to the fund from all other sources. The money deposited in the fund is
17 hereby appropriated for the uses set forth in this section. Any money remaining in
18 the fund at the close of any calendar year shall not lapse but shall be carried forward
19 to the next calendar year. The fund may also receive additional state appropriations,
20 gifts, grants, and federal funds. All interest earned on money in the fund shall be
21 credited to the fund.

22 (2) (a) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
23 use moneys deposited in the Kentucky standardbred breeders incentive fund
24 to administer the fund and provide rewards for breeders or owners of
25 Kentucky-bred standardbred horses.

26 (b) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
27 promulgate administrative regulations establishing the conditions and criteria

1 for the distribution of moneys from the fund.

2 (c) The Department of Revenue may promulgate administrative regulations
3 establishing the procedures necessary to determine the correct allocation of
4 sales tax receipts described in subsection (1) of this section.

5 (d) As soon as practicable after the close of each calendar year, the
6 corporation~~[racing commission]~~ shall disburse moneys in the Kentucky
7 standardbred breeders incentive fund to be used to promote, enhance,
8 improve, and encourage the further and continued development of the
9 standardbred breeding industry in Kentucky, under the administrative
10 regulations promulgated pursuant to paragraph (b) of this subsection.

11 ➔Section 95. KRS 230.804 is amended to read as follows:

12 (1) There is hereby created in the State Treasury a trust and revolving fund designated
13 as the "Kentucky horse breeders incentive fund." The fund shall be administered by
14 the Kentucky Horse Racing and Gaming Corporation~~[Commission]~~. For tax
15 periods beginning on or after June 1, 2005, seven percent (7%) of all receipts
16 collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for
17 breeding a stallion to a mare in Kentucky shall be deposited in the fund together
18 with any other money contributed, appropriated or allocated to the fund from all
19 other sources. The money deposited in the fund is hereby appropriated for the uses
20 set forth in this section. Notwithstanding KRS 45.229, any money remaining in the
21 fund at the close of any calendar year shall not lapse but shall be carried forward to
22 the next calendar year. The fund may also receive additional state appropriations,
23 gifts, grants, and federal funds. All interest earned on money in the fund shall be
24 credited to the fund.

25 (2) (a) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
26 use moneys deposited in the Kentucky horse breeders incentive fund to
27 administer the fund and provide rewards for breeders or owners of horses bred

1 and foaled in Kentucky.

2 (b) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ shall
3 promulgate administrative regulations establishing the conditions and criteria
4 for the distribution of moneys from the fund.

5 (c) The Department of Revenue may promulgate administrative regulations
6 establishing the procedures necessary to determine the correct allocation of
7 sales tax receipts described in subsection (1) of this section.

8 (d) As soon as practicable after the close of each calendar year, the
9 corporation~~[racing commission]~~ shall disburse to breeders of horses moneys
10 in the Kentucky horse breeders incentive fund to be used to promote, enhance,
11 improve, and encourage the further and continued development of the horse
12 industry in Kentucky, under the administrative regulations promulgated
13 pursuant to paragraph (b) of this subsection.

14 ➔Section 96. KRS 230.805 is amended to read as follows:

15 (1) The corporation~~[racing commission]~~ shall institute a system of sports wagering in
16 conformance with federal law, this chapter, and by administrative regulations
17 promulgated under the authority of KRS 230.215.

18 (2) Sports wagering shall not be offered in this state except as authorized by this
19 section and KRS 230.811. A track that holds a license to operate sports wagering
20 may contract with sports wagering service providers to conduct or manage sports
21 wagering operations as authorized by this chapter. Sports wagering may be
22 provided at a licensed facility for sports wagering or online through a website or
23 mobile application. The licensed facility for sports wagering or a sports wagering
24 service provider may provide sports wagering through a website or mobile interface
25 as approved by the corporation~~[racing commission]~~. The corporation~~[racing~~
26 ~~commission]~~ may provide temporary licenses to licensed facilities for sports
27 wagering or sports wagering service providers, if the corporation~~[commission]~~

1 deems that the information submitted by them is sufficient to determine the
2 applicant's suitability. The corporation~~[racing commission]~~ shall promulgate
3 administrative regulations to establish the suitability for temporary and ordinary
4 license applications for licensed facilities for sports wagering, sports wagering
5 service providers, and any related parties.

6 (3) Sports wagering licensees and service providers that accept wagers online via
7 websites and mobile applications shall impose the following requirements:

8 (a) Prior to placing a wager online via websites or mobile applications operated
9 by either a sports wagering licensee or a service provider, a patron shall
10 register the patron's sports wagering account with the operating sports
11 wagering licensee or service provider either in person at a licensed facility for
12 sports wagering or remotely through the service provider's website or mobile
13 application;

14 (b) 1. The registration process shall include attestation that the patron meets
15 the requirements to place a wager with a sports wagering licensee or
16 service provider in this state.

17 2. Prior to verification of a patron's identity, a sports wagering licensee or
18 service provider shall not allow the patron to engage in sports wagering,
19 make a deposit, or process a withdrawal via the patron's sports wagering
20 account.

21 3. A sports wagering licensee or service provider shall implement
22 commercially and technologically reasonable procedures to prevent
23 access to sports wagering by any person under the age of eighteen (18):

24 a. At a licensed facility; and

25 b. Online via website or mobile application.

26 4. A sports wagering licensee or service provider may use information
27 obtained from third parties to verify that a person is authorized to open

1 an account, place wagers, and make deposits and withdrawals;

2 (c) A sports wagering licensee or service provider shall adopt an account
3 registration policy to ensure that all patrons are authorized to place a wager
4 with a sports wagering licensee or service provider within the Commonwealth
5 of Kentucky. This policy shall include, without limitation, a mechanism by
6 which to:

- 7 1. Verify the name and age of the patron;
8 2. Verify that the patron is not prohibited from placing a wager; and
9 3. Obtain the following information:
10 a. A physical address other than a post office box;
11 b. A phone number;
12 c. A unique user name; and
13 d. An e-mail account;

14 (d) A sports wagering licensee or service provider shall use all commercially and
15 technologically reasonable means to ensure that each patron is limited to one
16 (1) account with that service provider in the Commonwealth, but nothing in
17 this paragraph restricts a patron from holding other sports wagering accounts
18 in other jurisdictions;

19 (e) A sports wagering licensee or service provider, in addition to complying with
20 state and federal law pertaining to the protection of the private, personal
21 information of patrons, shall use all other commercially and technologically
22 reasonable means to protect this information consistent with industry
23 standards;

24 (f) A sports wagering licensee or service provider shall use all commercially and
25 technologically reasonable means to verify the identity of the patron making a
26 deposit or withdrawal;

27 (g) A sports wagering licensee or service provider shall utilize geolocation or

- 1 geofencing technology to ensure that wagers are only accepted from patrons
2 who are physically located in the Commonwealth. A sports wagering licensee
3 or service provider shall maintain in this state its servers used to transmit
4 information for purposes of accepting or paying out wagers on a sporting
5 event placed by patrons in this state;
- 6 (h) A patron may fund the patron's account using any acceptable form of payment
7 or advance deposit method, which shall include the use of cash, cash
8 equivalents, credit cards, debit cards, automated clearing house, other
9 electronic methods, and any other form of payment authorized by the
10 corporation~~[racing commission]~~; and
- 11 (i) The corporation~~[racing commission]~~ may enter into agreements with other
12 jurisdictions or entities to facilitate, administer, and regulate
13 multijurisdictional sports betting by sports betting operators to the extent that
14 entering into the agreement is consistent with state and federal laws and the
15 sports betting agreement is conducted only in the United States.
- 16 (4) A track may contract with no more than three (3) service providers at a time to
17 conduct and manage services and technology which support the operation of sports
18 betting both on the track and online via websites and mobile applications. The
19 website or mobile application used to offer sports betting shall be offered only
20 under the same brand as the track or that of the service provider contracted with the
21 track, or both.
- 22 (5) A track or service provider through an agreement with a licensed track shall not
23 offer sports wagering until the corporation~~[racing commission]~~ has issued a sports
24 wagering license to the track, except for temporary licenses authorized under KRS
25 230.814.
- 26 (6) (a) A track licensed under KRS 230.811 may offer sports wagering at a facility
27 that meets the definition of "track" in KRS 230.210.

1 (b) A simulcast facility may offer sports wagering through an agreement with a
2 track by using any of that track's already established service providers.

3 ➔Section 97. KRS 230.808 is amended to read as follows:

- 4 (1) Sporting events that may be wagered upon include but are not limited to:
- 5 (a) Professional sporting events;
 - 6 (b) College sporting events sanctioned by the National Collegiate Athletic
7 Association, the National Association of Intercollegiate Athletics, or other
8 collegiate athletic body recognized by the corporation~~[racing commission]~~;
 - 9 (c) Amateur sporting events;
 - 10 (d) International sporting events, including but not limited to the Olympics and
11 World Cup Soccer;
 - 12 (e) Electronic sports, e-sports, and competitive video game events; and
 - 13 (f) Any other event authorized by the corporation~~[racing commission]~~.
- 14 (2) (a) A sports governing body may submit a request to the corporation~~[racing~~
15 ~~commission]~~ to restrict, limit, or exclude a certain type, form, or category of
16 sports wagering with respect to covered sporting events of that body, if the
17 sport's governing body believes that this type, form, or category of sports
18 wagering with respect to covered sporting events of that body may undermine
19 the integrity or perceived integrity of that body or covered sporting events of
20 that body. The sport's governing body shall provide the corporation~~[racing~~
21 ~~commission]~~ with notice of this request in the form and manner required by
22 the corporation~~[racing commission]~~.
- 23 (b) The corporation~~[racing commission]~~ shall request comment from tracks and
24 service providers on all requests made under paragraph (a) of this subsection.
25 After giving due consideration to all comments received, the
26 corporation~~[racing commission]~~ shall grant the request if the requesting body
27 demonstrates good cause that this type, form, or category of sports wagering

1 is likely to undermine the integrity or perceived integrity of the sport's
2 governing body or covered sporting events of that body.

- 3 (c) The corporation~~[racing commission]~~ shall respond to a request concerning a
4 particular event before the start of the event, or if it is not feasible to respond
5 before the start of the event, no later than seven (7) days after the request is
6 made. If the corporation~~[racing commission]~~ determines that the requester is
7 more likely than not to prevail in successfully demonstrating good cause for
8 its request, the corporation~~[racing commission]~~ may provisionally grant the
9 request of the sport's governing body until the corporation~~[racing~~
10 ~~commission]~~ makes a final determination as to whether the requester has
11 demonstrated good cause. Absent this provisional grant by the
12 corporation~~[racing commission]~~, tracks and service providers may continue
13 to offer sports wagering on covered sporting events that are the subject of the
14 request during the pendency of the corporation's~~[racing commission's]~~
15 consideration of the applicable request.

16 ➔Section 98. KRS 230.811 is amended to read as follows:

- 17 (1) Except as provided in KRS 230.805(6), no person shall conduct, manage, or offer to
18 conduct sports wagering within the Commonwealth of Kentucky without obtaining
19 a license from the corporation~~[racing commission]~~.
- 20 (2) As a prerequisite to obtaining a sports wagering license, a person shall be licensed
21 as an association under KRS 230.300. If sports wagering is conducted by the track
22 that chooses not to contract with a service provider, it shall comply with the
23 standards established by the corporation~~[racing commission]~~ for service providers
24 to ensure the integrity of the system of sports wagering before conducting sports
25 wagering in the Commonwealth.
- 26 (3) In addition to the requirement in subsection (2) of this section, an initial fee of five
27 hundred thousand dollars (\$500,000) shall be paid to the corporation~~[racing~~

1 ~~commission~~] before a sports wagering license may be issued to a track.

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

4 (5) Licensing fees paid under this section shall be deposited into the sports wagering
5 administration fund established by KRS 230.817.

6 ➔Section 99. KRS 230.814 is amended to read as follows:

7 (1) The corporation~~[acing commission]~~ may issue a service provider license to a
8 qualified applicant.

9 (2) A person applying for a service provider license under this chapter shall pay a
10 nonrefundable application fee of fifty thousand dollars (\$50,000) to the
11 corporation~~[acing commission]~~.

12 (3) In determining whether to grant a service provider's license to an applicant, the
13 corporation~~[acing commission]~~ shall consider:

14 (a) The applicant and its past, current, or future operations; and

15 (b) A person that is deemed to have control over the applicant. For the purposes
16 of this section, the following persons are deemed to have control over an
17 applicant:

18 1. Each corporate holding company, parent company, or subsidiary
19 company of a corporate applicant or licensee and each person that owns
20 five percent (5%) or more of the corporate applicant or licensee and that
21 has the ability to control the activities of the corporate applicant or
22 licensee or elect a majority of the board of directors of that corporate
23 applicant or licensee;

24 2. Each person associated with a noncorporate applicant or licensee that
25 directly or indirectly holds a beneficial or proprietary interest in the
26 noncorporate applicant's or licensee's business operation or that the
27 director otherwise determines has the ability to control the noncorporate

1 applicant or licensee; and

2 3. Any officer or director of an applicant or licensee having the power to
3 exercise significant influence over decisions concerning any part of the
4 applicant's or licensee's relevant sports wagering business operation in
5 this state.

6 (4) A service provider licensee shall pay an annual renewal fee of ten thousand dollars
7 (\$10,000).

8 (5) A person applying for a service provider license to conduct sports wagering through
9 an agreement with a licensed track may receive a temporary license to immediately
10 commence sports wagering operations if the applicant:

11 (a) Satisfies the corporation's~~racetrack commission's~~ requirements for a temporary
12 license, which may consider operations in other jurisdictions in the United
13 States; and

14 (b) Pays the initial licensing fee of fifty thousand dollars (\$50,000) under
15 subsection (2) of this section to the corporation~~racetrack commission~~.

16 (6) A temporary license granted to an applicant for a service provider to offer sports
17 wagering under subsection (5) of this section may be valid for up to one (1) year,
18 during which a permanent license shall be granted or denied. An applicant shall not
19 be eligible for an extended or renewed temporary license. The corporation~~racetrack~~
20 ~~commission~~ reserves the right to revoke any license issued pursuant to this chapter
21 if it determines that the licensee has violated any provisions of this chapter or is
22 otherwise deemed unfit for a license.

23 (7) Fees paid under this section shall be deposited into the sports wagering
24 administration fund established by KRS 230.817.

25 ➔Section 100. KRS 230.820 is amended to read as follows:

26 (1) A person shall not place a sports wager on a game or event in which the person is a
27 participant.

- 1 (2) As used in this section, "participant" includes:
- 2 (a) Players;
- 3 (b) Coaches;
- 4 (c) Referees, umpires, judges, or other officials involved in enforcing the rules of
- 5 the game;
- 6 (d) Spouses and close family members of persons included in paragraphs (a) to
- 7 (c) of this subsection;
- 8 (e) Owners or shareholders of more than five percent (5%) interest in
- 9 professional sports teams who might have influence over players and coaches
- 10 through the ability to hire or fire; and
- 11 (f) Other persons identified by the corporation~~racine commission~~ as
- 12 participants.
- 13 (3) A person is guilty of tampering with the outcome of a sporting event when the
- 14 person interacts with a player, coach, referee, or other participant with the intent to
- 15 persuade the participant to act in a way that would:
- 16 (a) Alter the outcome of the sporting event; or
- 17 (b) Alter actions within the sporting event upon which people might place sports
- 18 wagers.
- 19 ➔Section 101. KRS 230.990 is amended to read as follows:
- 20 (1) Any person who violates KRS 230.070 or KRS 230.080(3) shall be guilty of a Class
- 21 D felony.
- 22 (2) Any person who violates KRS 230.090 shall be guilty of a Class A misdemeanor.
- 23 (3) Any person who violates KRS 230.680 shall be guilty of a Class A misdemeanor.
- 24 (4) Any person who refuses to make any report or to turn over sums as required by
- 25 KRS 230.361 to 230.373 shall be guilty of a Class A misdemeanor.
- 26 (5) Any person failing to appear before the corporation~~racine commission~~ at the time
- 27 and place specified in the summons issued pursuant to KRS 230.260(12), or

1 refusing to testify, shall be guilty of a Class B misdemeanor. False swearing on the
2 part of any witness shall be deemed perjury and punished as such.

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

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

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

14 (7) Any participant who wagers on a sporting event in violation of KRS 230.820 is
15 guilty of a Class A misdemeanor.

16 (8) Any person tampering with the outcome of a sporting event in violation of KRS
17 230.820 is guilty of a Class C felony.

18 ➔Section 102. KRS 243.262 is amended to read as follows:

19 Any person in wet territory licensed by the Kentucky Racing and Gaming
20 Corporation~~[Commission]~~ under KRS 230.300 may be issued a license by the
21 department and may hold a special temporary license as provided in KRS 243.260. When
22 issued, the license shall be valid and effective only upon premises licensed by the
23 corporation~~[racing commission]~~ and upon the dates and hours for which racing or
24 intertrack wagering has been authorized by the corporation~~[racing commission]~~. A
25 temporary license may be issued for the period the racing or intertrack wagering has been
26 authorized, even if the period exceeds thirty (30) days as provided in KRS 243.260.

27 ➔Section 103. KRS 243.500 is amended to read as follows:

1 Any license may be revoked or suspended for the following causes:

- 2 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
3 any illegal alcoholic beverages on the licensed premises.
- 4 (2) Making any false, material statements in an application or renewal application for a
5 license or supplemental license.
- 6 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 7 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,
8 or any act regulating the manufacture, sale, and transportation of alcoholic
9 beverages within two (2) consecutive years;
- 10 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
11 alcoholic beverages within two (2) consecutive years; or
- 12 (c) Any felony.
- 13 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any
14 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
15 Congress relative to taxation, or for a violation of any related administrative
16 regulations promulgated by the Department of Revenue.
- 17 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
18 and 243.610, or granted under any Act of Congress relative to the regulation of the
19 manufacture, sale, and transportation of alcoholic beverages.
- 20 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any
21 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
22 facility for betting or transmitting bets on horse races; or permitting to be set up,
23 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
24 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.
- 25 This subsection shall not apply to:
- 26 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 27 (b) The operation of a pari-mutuel system for betting, or the operation of sports

- 1 wagering, where authorized by law;
- 2 (c) The conduct of charitable gaming by a charitable organization licensed or
- 3 permitted under KRS Chapters 230 and~~[Chapter]~~ 238; or
- 4 (d) Special temporary raffles of alcoholic beverages under KRS 243.036.
- 5 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:
- 6 (a) The trafficking or possession upon the licensed premises of controlled or
- 7 illegal substances described in KRS Chapter 218A, including synthetic drugs;
- 8 (b) Knowingly permitting the trafficking or possession by patrons upon the
- 9 licensed premises of controlled or illegal substances described in KRS
- 10 Chapter 218A, including synthetic drugs; or
- 11 (c) Knowingly receiving stolen property upon the licensed premises.
- 12 (8) Failure to comply with the terms of a final order of the board.
- 13 ➔Section 104. KRS 247.220 is amended to read as follows:
- 14 (1) The Commissioner of Agriculture shall make grants of state funds to qualified local
- 15 agricultural fairs on a matching basis, to be used by them to pay premium awards
- 16 for exhibits and displays of domestic livestock, poultry, harness horse racing, other
- 17 horse events, and agricultural products. The premiums actually awarded shall
- 18 conform to those appearing on the premium list issued by the fair.
- 19 (2) The state may provide funds for use in the establishment of new facilities and
- 20 improvement of existing facilities for use in conducting events at local agricultural
- 21 fairs as provided by this section. No grant for buildings shall be made until the local
- 22 fair board has complied with the local fair program and qualified for the state grant
- 23 as provided in subsection (5) of this section. Grants for facilities shall be made
- 24 under regulations promulgated by the Fair Council and the Commissioner of
- 25 Agriculture. In no event shall the allocation for facilities result in a decrease in the
- 26 number of approved agricultural classes or premiums.
- 27 (3) There shall be a Fair Council in the Department of Agriculture. The council shall

1 act in an advisory capacity to the Commissioner in all matters pertaining to the
2 administration of the department's fair program. It shall be called into session when
3 there are matters for its consideration. It shall meet at least twice each calendar year
4 at Frankfort or at any other place that may be determined.

5 (4) (a) The council shall be composed of:

- 6 1. The Commissioner, or the Commissioner's designee, as chairman;
- 7 2. The Presidents or their designated representatives of the following state
8 groups:
 - 9 a. Kentucky Farm Bureau Federation;
 - 10 b. Kentucky Association of Fairs and Horse Shows, Inc.;
 - 11 c. Kentucky Horse Racing and Gaming Corporation~~Commission~~;
 - 12 d. American Saddlebred Horse Association; and
 - 13 e. Kentucky Walking Horse Association;
- 14 3. The Agricultural Education Consultant of the Kentucky Department of
15 Education;
- 16 4. The dean of the University of Kentucky College of Agriculture, Food
17 and Environment, or the dean's designee;
- 18 5. The co-chairs of the Interim Joint Committee on Agriculture; and
- 19 6. Two (2) representatives appointed by the Commissioner who are
20 experienced in showing livestock or animal agriculture.

21 (b) The Commissioner may, with the concurrence of a majority of the members
22 of the council, appoint additional members to the council.

23 (5) To qualify for a grant of state funds, a fair shall meet standards set by the
24 Commissioner and his advisory council whose approval may be given only if the
25 fair:

- 26 (a) Provides in its bylaws for holding an annual fair running for at least three (3)
27 days;

- 1 (b) Presents, through the medium of youth organizations such as 4-H clubs,
2 Future Farmers of America, and other similar organizations, an educational
3 program concerning the production and marketing of the livestock, poultry,
4 and horse industries;
- 5 (c) Complies with all administrative regulations which the Department of
6 Agriculture is hereby authorized to promulgate; and
- 7 (d) Appoints one (1) or more members to its fair board from local livestock
8 associations, horsemen's associations, and county farm bureaus, and selects
9 one (1) or more county extension agents and vocational agriculture teachers
10 for counties served by the fair as members of the board. Wherever local
11 livestock associations, horsemen's associations, and farm bureaus are in
12 existence, appointees are to be nominated to the fair board by these
13 organizations. Where fairs serve an area, appointments may be made from all
14 counties within the particular area. It shall be the responsibility of the
15 appointees to aid in establishing premium lists and planning agricultural
16 exhibits.
- 17 (6) Any fair receiving a grant of state funds shall file with the director of the Shows and
18 Fairs Division in the Department of Agriculture, by December 1 of the year in
19 which the grant is received, satisfactory proof that all state premium awards have
20 been paid and a certified notarized financial report submitted by the treasurer of the
21 local fair association.
- 22 ➔Section 105. KRS 257.196 is amended to read as follows:
- 23 (1) The commission shall make recommendations to the board to establish, maintain, or
24 revise standards governing the care and well-being of on-farm livestock and
25 poultry. The board shall approve or reject recommendations within ninety (90) days
26 of receiving recommendations. If approved, the board shall promulgate
27 administrative regulations establishing the standards within thirty (30) days of

1 approval. If rejected, the board shall notify the commission in writing within thirty
2 (30) days of the rejection, and shall list the reasons for the rejection. The board shall
3 not establish, maintain, or revise on-farm livestock and poultry care standards
4 without a recommendation by the commission.

5 (2) Before recommending on-farm livestock and poultry care standards to the board,
6 the commission may consult with agricultural representatives from Kentucky State
7 University, Western Kentucky University, Eastern Kentucky University, Morehead
8 State University, and Murray State University.

9 (3) When developing recommendations for on-farm livestock and poultry care
10 standards to the board, the commission shall consider factors that include but are
11 not limited to:

12 (a) Animal well-being and agricultural best management practices;

13 (b) Herd health; and

14 (c) Safe, affordable, healthy food supplies for consumers.

15 (4) Nothing in this section shall be construed to abrogate the regulatory authority of:

16 (a) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ to
17 inspect, investigate, and supervise horses and other participants in horse
18 racing as provided by KRS Chapter 230 and the administrative regulations
19 promulgated under KRS Chapter 230, or any other law applicable to the
20 regulation of horse racing in the Commonwealth;

21 (b) The Kentucky Board of Veterinary Examiners to license and certify
22 veterinarians as provided by KRS Chapter 321 and the administrative
23 regulations promulgated under KRS Chapter 321, or any other law applicable
24 to the regulation of veterinarians in the Commonwealth; or

25 (c) The Board of Agriculture to prevent, control, or eradicate any communicable
26 disease of on-farm livestock or poultry as provided by this chapter and the
27 administrative regulations promulgated under this chapter, or any other law

1 applicable to the prevention, control, or eradication of communicable diseases
2 of on-farm livestock or poultry.

3 (5) (a) A city, town, county, urban-county, charter county, consolidated local
4 government, unified local government, or other political subdivision of the
5 Commonwealth shall not adopt any ordinance, resolution, rule, or regulation
6 regarding on-farm livestock or poultry care that is more stringent than the
7 administrative regulations promulgated by the board under subsection (1) of
8 this section. Local legislation in violation of this subsection is void and
9 unenforceable.

10 (b) Nothing in this subsection shall be construed to preempt any local ordinance
11 or regulation affecting planning and zoning adopted in accordance with KRS
12 Chapter 100.

13 (c) The provisions of paragraph (a) of this subsection shall not affect ordinances,
14 resolutions, rules, or regulations adopted before July 15, 2010.

15 ➔Section 106. KRS 257.472 is amended to read as follows:

16 (1) The Kentucky Equine Health and Welfare Council is hereby established and shall
17 be attached to the Kentucky Department of Agriculture for administrative purposes
18 only. The council shall:

19 (a) Assist, advise, and consult with the commission created by KRS 257.192 on
20 equine health and welfare issues;

21 (b) Act to maintain the health, welfare, and safety of equines in the
22 Commonwealth; and

23 (c) Carry out the duties assigned to the council in KRS 257.474.

24 (2) The council shall be composed of thirteen (13) voting members and two (2)
25 nonvoting ex officio members as follows:

26 (a) The Commissioner of Agriculture or his or her designee;

27 (b) The state veterinarian or his or her designee;

- 1 (c) One (1) representative of the University of Kentucky College of Agriculture
2 Equine Initiative to be designated by the dean of the University of Kentucky
3 College of Agriculture;
- 4 (d) One (1) representative of the University of Louisville Equine Industry
5 Program to be designated by the dean of the College of Business;
- 6 (e) One (1) representative of equine education programs chosen by Morehead
7 State University, Murray State University, or Western Kentucky University
8 on a rotating basis at the pleasure of the university to serve a one (1) year
9 term;
- 10 (f) The executive director of the University of Kentucky Livestock Disease
11 Diagnostic Center, or his or her designee, or the executive director of the
12 Murray State University Breathitt Veterinary Center, or his or her designee,
13 who shall serve one (1) year terms on a rotating basis;
- 14 (g) One (1) representative of the Kentucky Farm Bureau Federation with an
15 interest in equine issues;
- 16 (h) One (1) veterinarian representing the Kentucky Equine Health and Welfare
17 Alliance Inc.;
- 18 (i) One (1) member representing the Kentucky Veterinary Medical Association;
- 19 (j) One (1) member to be appointed by the Governor from a list of three (3)
20 nominees submitted by the Kentucky Horse Council;
- 21 (k) One (1) member representing organized horse rescue entities to be selected by
22 the Governor from a listing of those who apply for membership on the
23 council;
- 24 (l) Two (2) members at large who live in diverse regions of the state to be
25 appointed by the Governor. Each member at large shall primarily represent
26 one (1) of the following:
- 27 1. Equine breeders and owners; and

- 1 2. Agricultural interests;
- 2 (m) The chair of the Senate Standing Committee on Agriculture, who shall serve
- 3 as a nonvoting ex officio member; and
- 4 (n) The chair of the House Standing Committee on Agriculture and Small
- 5 Business, who shall serve as a nonvoting ex officio member.
- 6 (3) Initial terms of members serving under subsection (2)(c), (d), and (g) to (l) of this
- 7 section shall be staggered by the Governor. Thereafter, terms shall be for four (4)
- 8 years or until their successors are duly appointed and qualified. Vacancies on the
- 9 council shall be filled for the remainder of the unexpired term in the same manner
- 10 as the original appointment.
- 11 (4) Consideration shall be given to racial and gender equity in the appointment of
- 12 council members.
- 13 (5) The council shall elect one (1) of its members to serve as chair for a term of two (2)
- 14 years.
- 15 (6) The council shall meet quarterly or upon the call of the chair. The first meeting of
- 16 the council shall occur at the beginning of the quarter following appointments to the
- 17 council.
- 18 (7) A quorum of the council shall consist of seven (7) voting members. A majority of
- 19 the voting members present may act upon matters before the council.
- 20 (8) Members of the council shall serve without compensation.
- 21 (9) Nothing in KRS 257.472 to 257.476 shall be construed to infringe upon the
- 22 regulatory authority of:
- 23 (a) The Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ to
- 24 inspect, investigate, and supervise horses and other participants in horse
- 25 racing and breeders incentive funds as provided by KRS Chapter 230,
- 26 administrative regulations promulgated under KRS Chapter 230, or any other
- 27 law applicable to the regulation of horse racing in the Commonwealth;

- 1 (b) The Kentucky Board of Veterinary Examiners to license and certify
2 veterinarians as provided by KRS Chapter 321, administrative regulations
3 promulgated under KRS Chapter 321, or any other law applicable to the
4 regulation of veterinarians in the Commonwealth; or
- 5 (c) The Kentucky Livestock Care Standards Commission to make
6 recommendations to the Board of Agriculture to establish, maintain, or revise
7 standards governing the care and well-being of on-farm livestock and poultry,
8 or any other authority of the commission authorized under this chapter.

9 ➔Section 107. KRS 321.185 is amended to read as follows:

- 10 (1) In order for a veterinarian to practice veterinary medicine, a relationship among the
11 veterinarian, the client, and the patient shall be established and maintained. The
12 veterinarian-client-patient relationship or VCPR is the basis for veterinary care and
13 means that:

14 (a) The veterinarian and the client or other caretaker of the patient both agree for
15 the veterinarian to assume responsibility for making medical judgments
16 regarding the health of the animal;

17 (b) There is sufficient knowledge of the animal by the veterinarian to initiate at
18 least a general or preliminary diagnosis of the medical condition of the
19 animal. This means that within the previous twelve (12) months the
20 veterinarian either physically examined the animal or made a medically
21 appropriate in-person visit to the premises where the animal is kept; and

22 (c) The veterinarian has assumed responsibility for providing follow-up care and
23 continuation of care to the patient, except in cases where the veterinarian has:

- 24 1. Arranged for or contracted for emergency care or urgent care coverage
25 by another veterinarian who can provide reasonable and appropriate
26 medical care and has notified the client how to access emergency care;
27 or

- 1 2. Notified the client of an available registered facility that can provide
2 reasonable and appropriate medical care.
- 3 (2) The VCPR may extend to another veterinarian employed in the same registered
4 facility who is licensed to practice veterinary medicine within the Commonwealth,
5 so long as the other Kentucky-licensed veterinarian has sufficient knowledge in the
6 medical record to make a decision.
- 7 (3) The veterinarian shall maintain records that document patient visits, diagnosis,
8 treatment, and other relevant information, as required by KRS 321.187.
- 9 (4) (a) A veterinarian shall not violate the confidential relationship between the
10 veterinarian and the veterinarian's client. Consultation by the veterinarian with
11 another veterinarian or professional expert for the benefit of the patient shall
12 not constitute a violation of confidentiality.
- 13 (b) A veterinarian shall not release information concerning a client or care of a
14 client's animal, except:
- 15 1. On the veterinarian's receipt of:
- 16 a. A written authorization or other form of waiver executed by the
17 client; or
- 18 b. An appropriate court order or subpoena;
- 19 2. In cases of animal abuse, pursuant to KRS 321.188;
- 20 3. In cases of reportable diseases as they relate to public or animal health
21 pursuant to KRS 257.080 and 258.065 and the administrative
22 regulations promulgated under the authority of those statutes;
- 23 4. Other exceptions established in KRS 321.187 and 321.200; or
- 24 5. Upon request from the board.
- 25 (c) A veterinarian who releases information under paragraph (b) of this
26 subsection shall not be liable to any person, including the client, for an action
27 resulting from the disclosure.

1 (d) The privilege provided by this subsection is waived by the client or the owner
2 of an animal treated by the veterinarian to the extent the client or owner places
3 at issue in a civil or criminal proceeding:

- 4 1. The nature and extent of the animal's injuries; or
5 2. The care and treatment of the animal provided by the veterinarian.

6 (e) This subsection shall not apply to:

- 7 1. An inspection or investigation conducted by the board or an agent of the
8 board; or
9 2. The veterinary reporting requirements and regulatory authority of the
10 Kentucky Horse Racing and Gaming Corporation~~Commission~~ to
11 inspect, investigate, and supervise horses and other participants in horse
12 racing as provided by KRS Chapter 230 and the administrative
13 regulations promulgated under KRS Chapter 230, or any other state or
14 federal law applicable to the regulation of horse racing in the
15 Commonwealth.

16 (5) Veterinarians providing copies of records under this section may charge no more
17 than the actual cost of copying, including reasonable staff time.

18 (6) A licensed veterinarian who in good faith engages in the practice of veterinary
19 medicine by rendering or attempting to render emergency care or urgent care to an
20 animal when a client cannot be identified shall not be subject to penalty based
21 solely on the veterinarian's inability to establish a VCPR with an owner or the
22 owner's representative.

23 (7) A VCPR shall not be established solely by telehealth means. In the absence of a
24 VCPR, any advice provided through telehealth shall be general and not specific to a
25 patient, diagnosis, or treatment. Veterinary telemedicine shall only be conducted
26 within an existing VCPR, with the exception for advice given in an emergency care
27 situation until that patient can be seen in person by a licensed veterinarian.

1 ➔Section 108. KRS 528.010 is amended to read as follows:

2 The following definitions apply in this chapter unless the context otherwise requires:

- 3 (1) "Advancing gambling activity" -- A person "advances gambling activity" when,
4 acting other than as a player, he or she engages in conduct that materially aids any
5 form of gambling activity. The conduct shall include, but is not limited to, conduct
6 directed toward the establishment of the particular game, contest, scheme, device,
7 or activity involved; toward the acquisition or maintenance of premises,
8 paraphernalia, equipment, or apparatus therefor; toward the solicitation or
9 inducement of persons to participate therein; toward the actual conduct of the
10 playing phases thereof; toward the arrangement of any of its financial or recording
11 phases or toward any other phase of its operation. A person who gambles at a social
12 game of chance on equal terms with other participants does not otherwise advance
13 gambling activity by performing acts, without remuneration or fee, directed toward
14 the arrangement or facilitation of the game as inviting persons to play, permitting
15 the use of premises therefor and supplying equipment used therein;
- 16 (2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets
17 upon the outcome of future contingent events from members of the public as a
18 business;
- 19 (3) "Charitable gaming" means games of chance conducted by charitable organizations
20 licensed and regulated under the provisions of KRS Chapter 238;
- 21 (4) (a) "Coin-operated amusement machine" means a lawful machine or device that
22 requires the direct or indirect payment of consideration, including but not
23 limited to the insertion of a coin, currency, ticket, token, or similar object, or
24 the depositing of funds with the operator or owner of the device, and that
25 contains no material element of chance and automatically, by or through some
26 mechanical operation, affords music or amusement of some character with or
27 without vending any merchandise, but in addition to any merchandise.

1 (b) A coin-operated amusement machine shall not deliver or entitle the person
2 playing or operating the game to receive cash, cash equivalents, gift cards, or
3 vouchers, billets, tickets, tokens, electronic credits or any item that can be
4 exchanged for cash, cash equivalents, gift cards, merchandise, or something of
5 value, unless otherwise provided under this section.

6 (c) A coin-operated amusement machine may entitle the person playing to a
7 noncash, merchandise prize or a voucher, billet, ticket, token, or electronic
8 credit redeemable only for a noncash, merchandise prize under the following
9 rules:

10 1. The wholesale value of a merchandise prize awarded as a result of the
11 single play of a machine, either directly or as a result of redemption of a
12 redeemable voucher, does not exceed twenty-five dollars (\$25);

13 2. Redeemable vouchers are not redeemable for any merchandise prize that
14 has a wholesale value of more than twenty-five dollars (\$25) times the
15 fewest number of single plays necessary to accrue the redeemable
16 vouchers required to obtain that prize; and

17 3. Any redeemable vouchers or merchandise prizes are distributed at the
18 site of the coin-operated amusement machine at the time of play.

19 (d) The noncash merchandise prize shall not be:

20 1. An alcoholic beverage;

21 2. Eligible for purchase or repurchase; or

22 3. Exchangeable for any cash, cash equivalents, or something of value
23 whatsoever;

24 (5) (a) "E-sports competition" means a league, competitive circuit, tournament, or
25 similar competition in which:

26 1. Two (2) or more participants or teams of participants compete directly
27 against each other for entertainment and prizes in the same video game

- 1 at the same time, typically for spectators;
- 2 2. Results are determined solely on the basis of the skill of the players;
- 3 3. The number of participants is fixed before the beginning of the
- 4 competition;
- 5 4. Any fee collected to participate in the competition shall be collected
- 6 from all participants before the competition begins;
- 7 5. At least one (1) participant shall receive something of value based on the
- 8 results of the competition; and
- 9 6. The value of any prize shall be predetermined before the competition
- 10 begins.
- 11 (b) E-sports shall not include traditional casino games which include but are not
- 12 limited to poker, roulette, craps, or blackjack;
- 13 (6) (a) "Gambling" means staking or risking something of value upon the outcome of
- 14 a contest, game, gaming scheme, or gaming device which is based upon an
- 15 element of chance, in accord with an agreement or understanding that
- 16 someone will receive something of value in the event of a certain outcome.
- 17 "Gambling" includes playing or offering for play any game, contest, or
- 18 competition utilizing a gambling device.
- 19 (b) "Gambling" does not include:
- 20 1. A contest or game in which eligibility to participate is determined by
- 21 chance and the ultimate winner is determined by skill;
- 22 2. Charitable gaming which is licensed and regulated under the provisions
- 23 of KRS Chapter 238;
- 24 3. E-sports competitions;
- 25 4. Skill-based contests; or
- 26 5. The use or operation of any devices or machines that are described in
- 27 subsection (7)(b) of this section;

1 (7) (a) "Gambling device" means:

- 2 1. Any so-called slot machine or any other machine or mechanical device
3 which when operated may deliver, as a result of the application of any
4 element of chance, any money or property, or by the operation of which
5 a person may become entitled to receive, as the result of the application
6 of any element of chance, any money or property;
- 7 2. Any mechanical or electronic device permanently located in a business
8 establishment, including a private club, that is offered or made available
9 to a person to play or participate in a simulated gambling program in
10 return for direct or indirect consideration, including but not limited to
11 consideration paid for Internet access or computer time, or a
12 sweepstakes entry, which when operated may deliver as a result of the
13 application of any element of chance, regardless of whether the result is
14 also partially or predominantly based on skill, any money or property, or
15 by the operation of which a person may become entitled to receive, as
16 the result of the application of any element of chance, regardless of
17 whether the result is also partially or predominantly based on skill, any
18 money or property;
- 19 3. Any other machine or any mechanical, electronic, or other device,
20 including but not limited to roulette wheels, gambling tables and similar
21 devices, designed and manufactured primarily for use in connection with
22 gambling and which when operated may deliver, as the result of the
23 application of any element of chance, any money or property, or by the
24 operation of which a person may become entitled to receive, as the
25 result of the application of any element of chance, any money or
26 property; or
- 27 4. Any electronic, computerized, or mechanical contrivance, terminal,

1 machine, or other device that:

- 2 a. Requires the direct or indirect payment of consideration which
3 may include and shall not be limited to the insertion of a coin,
4 currency, ticket, token, or similar object, or by depositing funds
5 with the operator or owner of the device, to operate, play, or
6 activate a game; and
- 7 b. Offers games the outcomes of which are determined by any
8 element of skill of the player and may deliver or entitle the person
9 playing or operating the device to receive cash, cash equivalents,
10 or gift cards or vouchers, billets, tickets, tokens, or electronic
11 credits to be exchanged for cash or to receive merchandise or
12 something of value, whether the payoff is made automatically
13 from the device or manually.

14 (b) The following shall not be considered gambling devices within this definition:

- 15 1. Devices dispensing or selling combination or French pools on licensed,
16 regular racetracks during races on said tracks;
- 17 2. Devices dispensing or selling combination or French pools on historical
18 races at licensed, regular racetracks as lawfully authorized by the
19 Kentucky Horse Racing and Gaming Corporation~~[Commission]~~;
- 20 3. Electro-mechanical pinball machines specially designed, constructed, set
21 up, and kept to be played for amusement only. Any pinball machine
22 shall be made to receive and react only to the deposit of coins during the
23 course of a game. The ultimate and only award given directly or
24 indirectly to any player for the attainment of a winning score or
25 combination on any pinball machine shall be the right to play one (1) or
26 more additional games immediately on the same device at no further
27 cost. The maximum number of free games that can be won, registered,

1 or accumulated at one (1) time in operation of any pinball machine shall
2 not exceed thirty (30) free games. Any pinball machine shall be made to
3 discharge accumulated free games only by reactivating the playing
4 mechanism once for each game released. Any pinball machine shall be
5 made and kept with no meter or system to preserve a record of free
6 games played, awarded, or discharged. Nonetheless, a pinball machine
7 shall be a gambling device if a person gives or promises to give money,
8 tokens, merchandise, premiums, or property of any kind for scores,
9 combinations, or free games obtained in playing the pinball machine in
10 which the person has an interest as owner, operator, keeper, or
11 otherwise;

- 12 4. Devices used in the conduct of charitable gaming;
13 5. Coin-operated amusement machines;
14 6. Devices used for wagering exempted from the application of this chapter
15 pursuant to KRS 436.480;
16 7. Devices used in e-sports competitions; or
17 8. Devices used in skill-based contests, provided such devices do not meet
18 the definition of gambling devices in paragraph (a) of this subsection;

19 (8) "Lottery and gift enterprise" means:

20 (a) A gambling scheme in which:

- 21 1. The players pay or agree to pay something of value for chances,
22 represented and differentiated by numbers or by combinations of
23 numbers or by some other media, one (1) or more of which are to be
24 designated the winning ones;
25 2. The ultimate winner is to be determined by a drawing or by some other
26 method based upon the element of chance; and
27 3. The holders of the winning chances are to receive something of value;

1 and

2 (b) A gift enterprise or referral sales plan which meets the elements of a lottery
3 listed in paragraph (a) of this subsection is to be considered a lottery under
4 this chapter;

5 (9) "Mutuel" or "the numbers games" means a form of lottery in which the winning
6 chances or plays are not determined upon the basis of a drawing or other act on the
7 part of persons conducting or connected with the scheme, but upon the basis of the
8 outcome or outcomes of a future contingent event or events otherwise unrelated to
9 the particular scheme;

10 (10) "Player" means a person who engages in any form of gambling solely as a
11 contestant or bettor, without receiving or becoming entitled to receive any profit
12 therefrom other than personal gambling winnings, and without otherwise rendering
13 any material assistance to the establishment, conduct, or operation of the particular
14 gambling activity. A person who engages in "bookmaking" as defined in subsection
15 (2) of this section is not a "player." The status of a "player" shall be a defense to any
16 prosecution under this chapter;

17 (11) "Profiting from gambling activity" -- A person "profits from gambling activity"
18 when, other than as a player, he or she accepts or receives or agrees to accept or
19 receive money or other property pursuant to an agreement or understanding with
20 any person whereby he or she participates or is to participate in the proceeds of
21 gambling activity;

22 (12) "Simulated gambling program" means any method intended to be used by a person
23 playing, participating, or interacting with an electronic device that may, through the
24 application of any element of chance, either deliver money or property or an
25 entitlement to receive money or property;

26 (13) "Skill" means the knowledge, dexterity, or any other ability or expertise of a natural
27 person;

(14) "Skill-based contest" means a live, in-person competitive event among two (2) or more individuals or teams of individuals in which the ultimate winner is determined by skill and the competitive event does not utilize a gambling device; and

(15) (a) "Something of value" means any money or property, any token, object, or article exchangeable for money or property, or any form of credit or promise directly or indirectly contemplating transfer of money or property or of any interest therein, or involving extension of a service, entertainment, or a privilege of playing at a game or scheme without charge.

(b) "Something of value" does not include the award of a free, extended, or continuous play which is awarded as a prize for playing a game or scheme for a charge.

➔Section 109. KRS 528.010 is amended to read as follows:

The following definitions apply in this chapter unless the context otherwise requires:

(1) "Advancing gambling activity" -- A person "advances gambling activity" when, acting other than as a player, he or she engages in conduct that materially aids any form of gambling activity. The conduct shall include, but is not limited to, conduct directed toward the establishment of the particular game, contest, scheme, device, or activity involved; toward the acquisition or maintenance of premises, paraphernalia, equipment, or apparatus therefor; toward the solicitation or inducement of persons to participate therein; toward the actual conduct of the playing phases thereof; toward the arrangement of any of its financial or recording phases or toward any other phase of its operation. A person who gambles at a social game of chance on equal terms with other participants does not otherwise advance gambling activity by performing acts, without remuneration or fee, directed toward the arrangement or facilitation of the game as inviting persons to play, permitting the use of premises therefor and supplying equipment used therein;

(2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets

1 upon the outcome of future contingent events from members of the public as a
2 business;

3 (3) "Charitable gaming" means games of chance conducted by charitable organizations
4 licensed and regulated under the provisions of KRS Chapters 230 and~~[Chapter]~~
5 238;

6 (4) (a) "Coin-operated amusement machine" means a lawful machine or device that
7 requires the direct or indirect payment of consideration, including but not
8 limited to the insertion of a coin, currency, ticket, token, or similar object, or
9 the depositing of funds with the operator or owner of the device, and that
10 contains no material element of chance and automatically, by or through some
11 mechanical operation, affords music or amusement of some character with or
12 without vending any merchandise, but in addition to any merchandise.

13 (b) A coin-operated amusement machine shall not deliver or entitle the person
14 playing or operating the game to receive cash, cash equivalents, gift cards, or
15 vouchers, billets, tickets, tokens, electronic credits or any item that can be
16 exchanged for cash, cash equivalents, gift cards, merchandise, or something of
17 value, unless otherwise provided under this section.

18 (c) A coin-operated amusement machine may entitle the person playing to a
19 noncash, merchandise prize or a voucher, billet, ticket, token, or electronic
20 credit redeemable only for a noncash, merchandise prize under the following
21 rules:

- 22 1. The wholesale value of a merchandise prize awarded as a result of the
23 single play of a machine, either directly or as a result of redemption of a
24 redeemable voucher, does not exceed twenty-five dollars (\$25);
- 25 2. Redeemable vouchers are not redeemable for any merchandise prize that
26 has a wholesale value of more than twenty-five dollars (\$25) times the
27 fewest number of single plays necessary to accrue the redeemable

1 vouchers required to obtain that prize; and

2 3. Any redeemable vouchers or merchandise prizes are distributed at the
3 site of the coin-operated amusement machine at the time of play.

4 (d) The noncash merchandise prize shall not be:

5 1. An alcoholic beverage;

6 2. Eligible for purchase or repurchase; or

7 3. Exchangeable for any cash, cash equivalents, or something of value
8 whatsoever;

9 (5) (a) "E-sports competition" means a league, competitive circuit, tournament, or
10 similar competition in which:

11 1. Two (2) or more participants or teams of participants compete directly
12 against each other for entertainment and prizes in the same video game
13 at the same time, typically for spectators;

14 2. Results are determined solely on the basis of the skill of the players;

15 3. The number of participants is fixed before the beginning of the
16 competition;

17 4. Any fee collected to participate in the competition shall be collected
18 from all participants before the competition begins;

19 5. At least one (1) participant shall receive something of value based on the
20 results of the competition; and

21 6. The value of any prize shall be predetermined before the competition
22 begins.

23 (b) E-sports shall not include traditional casino games which include but are not
24 limited to poker, roulette, craps, or blackjack;

25 (6) (a) "Gambling" means staking or risking something of value upon the outcome of
26 a contest, game, gaming scheme, or gaming device which is based upon an
27 element of chance, in accord with an agreement or understanding that

1 someone will receive something of value in the event of a certain outcome.
2 "Gambling" includes playing or offering for play any game, contest, or
3 competition utilizing a gambling device.

4 (b) "Gambling" does not include:

- 5 1. A contest or game in which eligibility to participate is determined by
6 chance and the ultimate winner is determined by skill;
- 7 2. Charitable gaming which is licensed and regulated under the provisions
8 of KRS Chapter 238;
- 9 3. E-sports competitions;
- 10 4. Skill-based contests; or
- 11 5. The use or operation of any devices or machines that are described in
12 subsection (7)(b) of this section;

13 (7) (a) "Gambling device" means:

- 14 1. Any so-called slot machine or any other machine or mechanical device
15 which when operated may deliver, as a result of the application of any
16 element of chance, any money or property, or by the operation of which
17 a person may become entitled to receive, as the result of the application
18 of any element of chance, any money or property;
- 19 2. Any mechanical or electronic device permanently located in a business
20 establishment, including a private club, that is offered or made available
21 to a person to play or participate in a simulated gambling program in
22 return for direct or indirect consideration, including but not limited to
23 consideration paid for Internet access or computer time, or a
24 sweepstakes entry, which when operated may deliver as a result of the
25 application of any element of chance, regardless of whether the result is
26 also partially or predominantly based on skill, any money or property, or
27 by the operation of which a person may become entitled to receive, as

1 the result of the application of any element of chance, regardless of
2 whether the result is also partially or predominantly based on skill, any
3 money or property;

4 3. Any other machine or any mechanical, electronic, or other device,
5 including but not limited to roulette wheels, gambling tables and similar
6 devices, designed and manufactured primarily for use in connection with
7 gambling and which when operated may deliver, as the result of the
8 application of any element of chance, any money or property, or by the
9 operation of which a person may become entitled to receive, as the
10 result of the application of any element of chance, any money or
11 property; or

12 4. Any electronic, computerized, or mechanical contrivance, terminal,
13 machine, or other device that:

14 a. Requires the direct or indirect payment of consideration which
15 may include and shall not be limited to the insertion of a coin,
16 currency, ticket, token, or similar object, or by depositing funds
17 with the operator or owner of the device, to operate, play, or
18 activate a game; and

19 b. Offers games the outcomes of which are determined by any
20 element of skill of the player and may deliver or entitle the person
21 playing or operating the device to receive cash, cash equivalents,
22 or gift cards or vouchers, billets, tickets, tokens, or electronic
23 credits to be exchanged for cash or to receive merchandise or
24 something of value, whether the payoff is made automatically
25 from the device or manually.

26 (b) The following shall not be considered gambling devices within this definition:

27 1. Devices dispensing or selling combination or French pools on licensed,

- 1 regular racetracks during races on said tracks;
- 2 2. Devices dispensing or selling combination or French pools on historical
- 3 races at licensed, regular racetracks as lawfully authorized by the
- 4 Kentucky Horse Racing and Gaming Corporation~~[Commission]~~;
- 5 3. Electro-mechanical pinball machines specially designed, constructed, set
- 6 up, and kept to be played for amusement only. Any pinball machine
- 7 shall be made to receive and react only to the deposit of coins during the
- 8 course of a game. The ultimate and only award given directly or
- 9 indirectly to any player for the attainment of a winning score or
- 10 combination on any pinball machine shall be the right to play one (1) or
- 11 more additional games immediately on the same device at no further
- 12 cost. The maximum number of free games that can be won, registered,
- 13 or accumulated at one (1) time in operation of any pinball machine shall
- 14 not exceed thirty (30) free games. Any pinball machine shall be made to
- 15 discharge accumulated free games only by reactivating the playing
- 16 mechanism once for each game released. Any pinball machine shall be
- 17 made and kept with no meter or system to preserve a record of free
- 18 games played, awarded, or discharged. Nonetheless, a pinball machine
- 19 shall be a gambling device if a person gives or promises to give money,
- 20 tokens, merchandise, premiums, or property of any kind for scores,
- 21 combinations, or free games obtained in playing the pinball machine in
- 22 which the person has an interest as owner, operator, keeper, or
- 23 otherwise;
- 24 4. Devices used in the conduct of charitable gaming;
- 25 5. Coin-operated amusement machines;
- 26 6. Devices used for wagering exempted from the application of this chapter
- 27 pursuant to KRS 436.480;

- 1 7. Devices used in e-sports competitions; or
- 2 8. Devices used in skill-based contests, provided such devices do not meet
- 3 the definition of gambling devices in paragraph (a) of this subsection;
- 4 (8) "Lottery and gift enterprise" means:
- 5 (a) A gambling scheme in which:
- 6 1. The players pay or agree to pay something of value for chances,
- 7 represented and differentiated by numbers or by combinations of
- 8 numbers or by some other media, one (1) or more of which are to be
- 9 designated the winning ones;
- 10 2. The ultimate winner is to be determined by a drawing or by some other
- 11 method based upon the element of chance; and
- 12 3. The holders of the winning chances are to receive something of value;
- 13 and
- 14 (b) A gift enterprise or referral sales plan which meets the elements of a lottery
- 15 listed in paragraph (a) of this subsection is to be considered a lottery under
- 16 this chapter;
- 17 (9) "Mutuel" or "the numbers games" means a form of lottery in which the winning
- 18 chances or plays are not determined upon the basis of a drawing or other act on the
- 19 part of persons conducting or connected with the scheme, but upon the basis of the
- 20 outcome or outcomes of a future contingent event or events otherwise unrelated to
- 21 the particular scheme;
- 22 (10) "Player" means a person who engages in any form of gambling solely as a
- 23 contestant or bettor, without receiving or becoming entitled to receive any profit
- 24 therefrom other than personal gambling winnings, and without otherwise rendering
- 25 any material assistance to the establishment, conduct, or operation of the particular
- 26 gambling activity. A person who engages in "bookmaking" as defined in subsection
- 27 (2) of this section is not a "player." The status of a "player" shall be a defense to any

1 prosecution under this chapter;

2 (11) "Profiting from gambling activity" -- A person "profits from gambling activity"
3 when, other than as a player, he or she accepts or receives or agrees to accept or
4 receive money or other property pursuant to an agreement or understanding with
5 any person whereby he or she participates or is to participate in the proceeds of
6 gambling activity;

7 (12) "Simulated gambling program" means any method intended to be used by a person
8 playing, participating, or interacting with an electronic device that may, through the
9 application of any element of chance, either deliver money or property or an
10 entitlement to receive money or property;

11 (13) "Skill" means the knowledge, dexterity, or any other ability or expertise of a natural
12 person;

13 (14) "Skill-based contest" means a live, in-person competitive event among two (2) or
14 more individuals or teams of individuals in which the ultimate winner is determined
15 by skill and the competitive event does not utilize a gambling device; and

16 (15) (a) "Something of value" means any money or property, any token, object, or
17 article exchangeable for money or property, or any form of credit or promise
18 directly or indirectly contemplating transfer of money or property or of any
19 interest therein, or involving extension of a service, entertainment, or a
20 privilege of playing at a game or scheme without charge.

21 (b) "Something of value" does not include the award of a free, extended, or
22 continuous play which is awarded as a prize for playing a game or scheme for
23 a charge.

24 ➔Section 110. KRS 528.110 is amended to read as follows:

25 (1) Any person who, either for himself or as agent or employee of another, wagers
26 money or anything of value on a horse race run or about to be run or advertised,
27 posted, or reported as being run at any race track in or out of this state, or who

engages in the occupation of receiving, making, transmitting, or negotiating, either in person or by messenger, telephone, or telegraph, wagers on horse races run or about to be run or advertised, posted, or reported as being run or about to be run at any race track in or out of the state, shall, except in the case of wagers made within the enclosure of a race track licensed by the Kentucky Horse Racing and Gaming Corporation~~[Commission]~~ during an authorized race meeting at that track, or an enclosure during regular meetings in which running, trotting, or pacing races are being conducted by associations regularly organized for that purpose, be guilty of a Class A misdemeanor.

(2) In any prosecution under subsection (1) of this section, the state need not prove that the horse race upon which the wager was placed was actually run. Proof that the wager was made upon what purported to be or what was advertised, reported, or understood to be a horse race shall be sufficient to establish a prima facie case for the state.

➔Section 111. The following KRS section is repealed:

230.250 Duty of Attorney General.

➔Section 112. By July 1, 2024, any records, files, or documents associated with functions previously performed for the Kentucky Horse Racing Commission by the Public Protection Cabinet, but for which that cabinet is no longer deemed responsible, shall be transferred to the Kentucky Horse Racing and Gaming Corporation. Additionally, the Public Protection Cabinet shall fully assist the Kentucky Horse Racing Commission in any reasonable way that will ensure a smooth agency transition process benefitting the public, licensees, and the corporation.

➔Section 113. On July 1, 2024, the interim president of the Kentucky Horse Racing and Gaming Corporation shall be the executive director of the Kentucky Horse Racing Commission who was serving on January 1, 2024, and the interim president shall serve for two years. Thereafter, the president shall be appointed as authorized by this

1 Section 7 of this Act.

2 ➔Section 114. Between July 1, 2024, and July 1, 2025, the Department of
3 Charitable Gaming shall not authorize additional locations for the play of electronic
4 charity game tickets beyond the office location of the charitable organization, the location
5 where the charitable organization is licensed to conduct bingo, and the location where
6 pre-approved charitable fundraising events are authorized. This section shall not prevent
7 electronic charity game ticket activities and electronic charity game ticket locations
8 operating prior to July 1, 2024, from being resupplied or updated between July 1, 2024,
9 and July 1, 2025.

10 ➔Section 115. By July 1, 2025, any records, files, or documents associated with
11 the regulation of charitable gaming under KRS Chapter 238 previously performed by the
12 Department of Charitable Gaming or the Public Protection Cabinet shall be transferred to
13 the Kentucky Horse Racing and Gaming Corporation. Additionally, the Public Protection
14 Cabinet and the Department of Charitable Gaming shall fully assist the Kentucky Horse
15 Racing and Gaming Corporation in any reasonable way that will ensure a smooth agency
16 transition process benefitting the public, licensees, and the corporation.

17 ➔Section 116. It is the intent of the General Assembly that the amendments to
18 statutes in this Act to change the names of agencies and officers to effectuate the creation
19 and authority of the Kentucky Horse Racing and Gaming Corporation shall not serve to
20 void amendments in other bills enacted during the 2024 Regular Session, which are not in
21 conflict with the reorganization effectuated by this Act and can be given effect and
22 incorporated in a manner that will make the section intelligible, regardless of whether this
23 Act is enacted before or after those other Acts.

24 ➔Section 117. Sections 3, 11, 13 to 28, 32, 34, 36, 37, 103, and 109 of this Act
25 take effect July 1, 2025.

26 ➔Section 118. Whereas racing and gaming are crucial to the Commonwealth's
27 economy, and strict regulation of racing and gaming is needed to prevent fraud and

- 1 criminal activity, an emergency is declared to exist, and Sections 1, 2, 4 to 10, 12, 29 to
- 2 31, 33, 35, 38 to 102, 104 to 108, and 110 to 114 of this Act take effect July 1, 2024.