

1 AN ACT relating to fantasy contests.

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

3 ➔Section 1. KRS 230.210 is amended to read as follows:

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

- 5 (1) "Advance deposit account wagering" means a form of pari-mutuel wagering in
6 which an individual may establish an account with a person or entity licensed by the
7 corporation, and may place a pari-mutuel wager through that account that is
8 permitted by law;
- 9 (2) "Advance deposit account wagering licensee" means a person or entity licensed by
10 the corporation to conduct advance deposit account wagering and accept deposits
11 and wagers, issue a receipt or other confirmation to the account holder evidencing
12 such deposits and wagers, and transfer credits and debits to and from accounts;
- 13 (3) "Amateur youth sporting event" means any sporting event in which an individual:
14 (a) Shall be less than eighteen (18) years of age to participate; and
15 (b) Is prohibited, as a condition of participating in the sporting event, from
16 receiving direct or indirect compensation for the use of the individual's
17 athletic skill in any manner with respect to the sport in which the particular
18 sporting event is conducted;
- 19 (4) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in which
20 each horse participating in the race is registered with the Appaloosa Horse Club of
21 Moscow, Idaho, and is mounted by a jockey;
- 22 (5) "Arabian" means a horse that is registered with the Arabian Horse Registry of
23 Denver, Colorado;
- 24 (6) "Association" means any person licensed by the Kentucky Horse Racing and
25 Gaming Corporation under KRS 230.300 and engaged in the conduct of a
26 recognized horse race meeting;
- 27 (7) **"Athlete" means a professional or amateur competitor in a sporting event or an**

1 organized video game competition that is:

2 (a) Regulated by a sports governing body; and

3 (b) Held between players who play individually or as teams;

4 (8) "Charitable gaming" means gaming licensed by the corporation on and after July 1,
5 2025, as authorized under this chapter and KRS Chapter 238;

6 (9) [(8)] "Corporation" means the Kentucky Horse Racing and Gaming Corporation;

7 (10) "Entry fee" means the cash or cash equivalent that is required to be paid by a
8 fantasy contest participant to a fantasy contest operator in order to participate in
9 a fantasy contest;

10 (11) (a) "Fantasy contest" means any fantasy or simulated game or contest that
11 meets the following conditions:

12 1. The values of all prizes and awards offered to winning participants are
13 made known to the participants in advance of the contest;

14 2. All winning outcomes reflect the relative knowledge and skill of the
15 participant;

16 3. The participant assembles, owns, or manages a fictional entry or
17 roster of actual athletes;

18 4. A winning outcome is:

19 a. Determined solely by clearly established scoring criteria;

20 b. Based on one (1) or more statistical results of the performance of
21 an individual athlete, including but not limited to a fantasy
22 score; and

23 c. Not based:

24 i. On the score, point spread, or any performance or
25 performances of any single actual team or combination of
26 teams; or

27 ii. Solely on any single performance of an individual athlete

1 or participant in any single actual event; and

2 5. The game or contest does not violate any provision of federal law.

3 (b) "Fantasy contest" includes both contests wherein:

4 1. Participants compete against each other; and

5 2. Only a single participant competes against a target score set by the
6 fantasy contest operator.

7 (c) "Fantasy contest" does not include any fantasy contest without an entry
8 fee;

9 (12) (a) "Fantasy contest operator" or "operator" means a person who offers or
10 administers one (1) or more fantasy contests with an entry fee to the general
11 public, and awards a prize of value.

12 (b) "Fantasy contest operator" does not include an internet service provider or
13 a provider of mobile data services merely as a result of that provider's
14 transporting of general traffic that may include a fantasy contest;

15 (13) (a) "Fantasy contest participant" or "participant" means a person who
16 participates in a fantasy contest offered by a fantasy contest operator.

17 (b) "Fantasy contest participant" does not include a person who only performs
18 the following actions:

19 1. Setting house rules for a contest;

20 2. Assigning a salary or target score to any eligible athlete or player;

21 3. Accepting an entry fee from a fantasy contest participant; or

22 4. Awarding or disbursing prizes;

23 (14) [(9)] "Geofence" means a virtual geographic boundary defined by Global
24 Positioning System (GPS) or Radio Frequency Identification (RFID) technology;

25 (15) [(10)] "Harness race" or "harness racing" means trotting and pacing races of the
26 standardbred horses;

27 (16) [(11)] "Horse race meeting" means horse racing run at an association licensed and

1 regulated by the Kentucky Horse Racing and Gaming Corporation, and may include
2 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;

3 (17)~~[(12)]~~ "Host track" means the track conducting racing and offering its racing for
4 intertrack wagering, or, in the case of interstate wagering, means the Kentucky
5 track conducting racing and offering simulcasts of races conducted in other states or
6 foreign countries;

7 (18)~~[(13)]~~ "Interstate wagering" means pari-mutuel wagering on simulcast horse races
8 from a track located in another state or foreign country by patrons at a receiving
9 track or simulcast facility;

10 (19)~~[(14)]~~ "Intertrack wagering" means pari-mutuel wagering on simulcast horse races
11 from a host track by patrons at a receiving track;

12 (20)~~[(15)]~~ "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund"
13 means a purse fund established to receive funds as specified in KRS 230.3771 for
14 purse programs established in KRS 230.446 to supplement purses for quarter horse,
15 paint horse, Appaloosa, and Arabian horse races. The purse program shall be
16 administered by the Kentucky Horse Racing and Gaming Corporation;

17 (21)~~[(16)]~~ "Kentucky resident" means:

- 18 (a) An individual domiciled within this state;
- 19 (b) An individual who maintains a place of abode in this state and spends, in the
20 aggregate, more than one hundred eighty-three (183) days of the calendar year
21 in this state; or
- 22 (c) An individual who lists a Kentucky address as his or her principal place of
23 residence when applying for an account to participate in advance deposit
24 account wagering;

25 (22)~~[(17)]~~ "Licensed facility for sports wagering" means the designated areas to conduct
26 sports wagering for a track licensed to conduct sports wagering pursuant to KRS
27 230.811;

1 ~~(23)~~~~(18)~~ "Licensed premises" means a track or simulcast facility licensed by the
2 corporation under this chapter;

3 ~~(24)~~~~(19)~~ "Paint horse" means a horse registered with the American Paint Horse
4 Association of Fort Worth, Texas;

5 ~~(25)~~~~(20)~~ "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutuel
6 wagering" each means any method of wagering previously or hereafter approved by
7 the corporation in which one (1) or more patrons wager on a horse race or races,
8 whether live, simulcast, or previously run. Wagers shall be placed in one (1) or
9 more wagering pools, and wagers on different races or sets of races may be pooled
10 together. Patrons may establish odds or payouts, and winning patrons share in
11 amounts wagered including any carryover amounts, plus any amounts provided by
12 an association less any deductions required, as approved by the corporation and
13 permitted by law. Pools may be paid out incrementally over time as approved by
14 the corporation;

15 ~~(26)~~~~(21)~~ "Person" means an individual, sole proprietorship, partnership, association,
16 fiduciary, corporation, limited liability company, or any other business entity;

17 ~~(27)~~~~(22)~~ "President" means the president of the Kentucky Horse Racing and Gaming
18 Corporation, who shall serve as chief executive officer of the corporation;

19 ~~(28)~~~~(23)~~ "Principal" means any of the following individuals associated with a
20 partnership, trust, association, limited liability company, or corporation that is
21 licensed to conduct a horse race meeting or an applicant for a license to conduct a
22 horse race meeting:

- 23 (a) The chairman and all members of the board of directors of a corporation;
- 24 (b) All partners of a partnership and all participating members of a limited
25 liability company;
- 26 (c) All trustees and trust beneficiaries of an association;
- 27 (d) The president or chief executive officer and all other officers, managers, and

1 employees who have policymaking or fiduciary responsibility within the
2 organization;

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

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

9 **(29) "Prohibited participant" means:**

10 **(a) A person who has self-excluded under Section 10 of this Act; or**

11 **(b) An athlete, coach, referee, trainer, or team staff when the fantasy contest**
12 **entry includes athlete selections from a sporting event overseen by the same**
13 **sports governing body which oversees the athlete, coach, referee, trainer, or**
14 **team staff in question;**

15 **(30)**~~[(24)]~~ "Quarter horse" means a horse that is registered with the American Quarter
16 Horse Association of Amarillo, Texas;

17 **(31)**~~[(25)]~~ "Receiving track" means a track where simulcasts are displayed for wagering
18 purposes. A track that submits an application for intertrack wagering shall meet all
19 the regulatory criteria for granting an association license of the same breed as the
20 host track, and shall have a heated and air-conditioned facility that meets all state
21 and local life safety code requirements and seats a number of patrons at least equal
22 to the average daily attendance for intertrack wagering on the requested breed in the
23 county in which the track is located during the immediately preceding calendar
24 year;

25 **(32)**~~[(26)]~~ "Simulcast facility" means any facility approved pursuant to KRS 230.380 to
26 simulcast live racing and conduct pari-mutuel wagering on live racing;

27 **(33)**~~[(27)]~~ "Simulcasting" means the telecast of live audio and visual signals of horse

1 races for the purpose of pari-mutuel wagering;

2 ~~(34)~~~~(28)~~ "Sporting event" means an event at which two (2) or more persons participate
3 in athletic contests, or an event that takes place in relation to athletic contests as
4 approved by the corporation, but shall not include horse racing or amateur youth
5 sports or athletic events in which the majority of participants are under the age of
6 eighteen (18) years;

7 ~~(35)~~~~(29)~~ "Sports governing body" means the organization, league, or association that
8 oversees a sport, prescribes final rules, and enforces codes of conduct with respect
9 to such sport and participants therein;

10 ~~(36)~~~~(30)~~ "Sports wagering" means the wagering conducted under this chapter on
11 sporting events or portions of sporting events, or on the individual performance
12 statistics of athletes in a sporting event or combination of sporting events, in
13 conformance with federal law and as authorized by the corporation pursuant to this
14 chapter;

15 ~~(37)~~~~(31)~~ "Sports wagering device":

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

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

22 ~~(38)~~~~(32)~~ "Sports wagering service provider" or "service provider" means a person
23 authorized to conduct or manage sports wagering through an agreement with a track
24 and provide these services at a licensed facility for sports wagering, simulcast
25 facility, or through a website or mobile interface approved by the corporation;

26 ~~(39)~~~~(33)~~ "Telephone account wagering" means a form of pari-mutuel wagering where
27 an individual may deposit money in an account at a track and may place a wager by

1 direct telephone call or by communication through other electronic media owned by
2 the holder of the account to the track;

3 ~~(40)~~~~(34)~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing
4 in which each horse participating in the race is a Thoroughbred, (i.e., meeting the
5 requirements of and registered with The Jockey Club of New York) and is mounted
6 by a jockey; and

7 ~~(41)~~~~(35)~~ "Track" means any association duly licensed by the Kentucky Horse Racing
8 and Gaming Corporation to conduct horse racing and includes:

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

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

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

- 17 1. Owned, leased, or purchased by an association within a sixty (60) mile
18 radius of the association's racetrack but not contiguous to racetrack
19 premises, upon corporation approval; and
- 20 2. Not within a sixty (60) mile radius of another licensed track premise
21 where live racing is conducted and not within a forty (40) mile radius of
22 a simulcast facility, unless any affected track or simulcast facility agrees
23 in writing to permit a noncontiguous facility within the protected
24 geographic area.

25 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
26 READ AS FOLLOWS:

27 **(1) The corporation shall promulgate administrative regulations in accordance with**

1 KRS Chapter 13A to govern the operation of fantasy contests and enforce
2 Sections 2 to 10 of this Act, but the corporation shall not promulgate
3 administrative regulations limiting or regulating the:

4 (a) Statistical makeup of a fantasy contest or contests; or

5 (b) Digital platform of an operator.

6 (2) The corporation shall:

7 (a) Regulate the conduct of fantasy contest operators;

8 (b) Promulgate administrative regulations no later than one hundred eighty
9 (180) days after the effective date of this Act;

10 (c) Enforce and collect all fees, penalties, taxes, and any other payments
11 imposed under Sections 8 and 11 of this Act;

12 (d) Require the use of geolocation technology to verify that a participant is not
13 entering fantasy contests from a restricted jurisdiction; and

14 (e) Exercise any other powers necessary to enforce the provisions of Sections 2
15 to 10 of this Act.

16 (3) The corporation and fantasy contest operators may cooperate with investigations
17 conducted by law enforcement agencies, including but not limited to providing
18 and facilitating the provision of account level entry and participation
19 information.

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

22 Fantasy contest operators shall:

23 (1) Implement procedures to prevent fraud, abuse, and money laundering;

24 (2) Establish technical and operational measures to prevent underage participation
25 in a fantasy contest;

26 (3) Deploy identity verification procedures, which may require the use of a reputable
27 independent third party that:

- 1 (a) Can verify a person's personally identifiable information; and
2 (b) Can detect potential prohibited participants;
3 (4) Employ mechanisms on the operator's platform that are designed to detect and
4 prevent;
5 (a) Unauthorized accounts;
6 (b) Fraud;
7 (c) Money laundering; and
8 (d) Collusion; and
9 (5) Make all reasonable efforts to promptly notify the corporation of:
10 (a) A confirmed breach of the relevant sport's governing body's internal rules
11 and codes of conduct, if provided to the fantasy contest operator, pertaining
12 to participation in real-money fantasy contests;
13 (b) Any conduct that corrupts any outcome related to a sporting event or
14 sporting events for purposes of financial gain, including match fixing; and
15 (c) Confirmed illegal activities, including use of funds derived from illegal
16 activity, entries to conceal or launder funds derived from illegal activity,
17 multi-accounting, and using false identification.

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

- 20 (1) Except as otherwise provided in this section, a person shall not offer fantasy
21 contests in the Commonwealth unless the person is licensed by the corporation as
22 a fantasy contest operator.
23 (2) An applicant for a fantasy contest operator license shall:
24 (a) Submit an application to the corporation in the form the corporation
25 requires in the corporation's administrative regulations;
26 (b) Submit fingerprints for a national criminal history record check by a law
27 enforcement agency, which shall be:

- 1 1. Furnished by the applicant's director, officer, key employee, or
2 individual owner of five percent (5%) or more of the fantasy contest
3 operator; and
- 4 2. Accompanied by a signed authorization for the release of information
5 by the law enforcement agency; and
- 6 (c) Be denied a license if previously convicted of a disqualifying offense as
7 established in subsection (8) of this section.
- 8 (3) The corporation may require additional background checks on fantasy contest
9 operators when an operator submits a renewal application.
- 10 (4) This section shall not require a fantasy contest operator applicant or person who
11 has submitted to a national criminal history record check in Kentucky or any
12 other state within the twelve (12) months prior to submitting the application to
13 resubmit to another record check if the fantasy contest operator applicant or
14 person submits the results of the previous record check and affirms there has
15 been no material change since the previous record check.
- 16 (5) The form required by the corporation under subsection (2) of this section shall
17 include but is not limited to the following information:
- 18 (a) The fantasy contest operator's name;
19 (b) The location of the operator's principal place of business;
20 (c) The operator's contact information;
21 (d) The operator's Social Security number or, if applicable, federal tax
22 identification number;
- 23 (e) The name and address of each person that holds a five percent (5%) or
24 more ownership interest or shares in the fantasy contest operator;
- 25 (f) The operator's criminal record or, if the operator is a business entity, any
26 criminal record of a person who is a director, officer, or key employee of the
27 applicant or any person who has a five percent (5%) or more ownership

1 interest in the fantasy contest operator;

2 (g) Documentation identifying the following from the operator, or any director,
3 officer, key employee, or individual owner of five percent (5%) or more of
4 the fantasy contest operator that has:

5 1. Any ownership interest in a business that is or was a fantasy contest
6 operator or similar entity in any jurisdiction;

7 2. An equity interest of five percent (5%) or more in any business of the
8 fantasy contest operator. If a business has been identified under this
9 subparagraph, documentation shall be provided showing the state in
10 which the business is incorporated or registered, if applicable;

11 3. Ever applied for or been granted any license, registration, or
12 certificate issued by a licensing authority in Kentucky or any other
13 jurisdiction for a gaming activity; and

14 4. Filed or been served with a complaint or other notice filed by a public
15 body regarding the delinquency in payment of or dispute over filings
16 concerning the payment of any tax required under federal, state, or
17 local law, including the amount of tax, type of tax, and taxing agency
18 and the time periods involved; and

19 (h) Information sufficient to show, as determined by the corporation, that the
20 operator can meet the requirements of Sections 2 to 10 of this Act.

21 (6) The corporation may promulgate administrative regulations to establish
22 additional qualifications and requirements to preserve the integrity and security
23 of fantasy contests and to promote and maintain a competitive fantasy contest
24 market.

25 (7) On receipt of a completed application and the required fee, the corporation shall
26 conduct the necessary background investigation to determine if the applicant
27 meets the qualifications for licensure. On completion of the investigation, the

corporation shall issue a license or deny the application. If the application for licensure is denied, a statement setting forth the grounds for denial shall be forwarded to the applicant together with all other documents relied on by the corporation, to the extent allowed by law.

(8) (a) A person shall not be issued a license if the person has been convicted of a violation of state or federal law that is:

1. A felony;

2. Any crime involving illegal gaming or gambling; or

3. Any crime involving theft or fraud that is or would be a felony or Class A misdemeanor in the Commonwealth of Kentucky.

(b) The prohibitions in paragraph (a) of this subsection apply to the applicant or licensee, or director, officer, key employee, or individual owner of five percent (5%) or more of the fantasy contest operator.

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

(1) As part of its submission for licensure or renewal, a fantasy contest operator applicant shall:

(a) Contract with a certified public accountant to conduct an independent audit, consistent with generally accepted accounting principles;

(b) Annually contract with a testing laboratory, certified public accountant, or another professional service provider recognized by the corporation to verify compliance with Sections 2 to 10 of this Act; and

(c) Submit to the corporation a copy of the audit report and of the compliance report of the testing laboratory, certified public accountant, or professional service provider.

(2) An initial fantasy contest operator is not required to submit an audit report and report of the testing laboratory until twenty-four (24) months following the

1 issuance of a license.

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

4 (1) Notwithstanding any provision of law to the contrary, the operation of fantasy
5 contests is only lawful when conducted in accordance with Sections 2 to 10 of this
6 Act.

7 (2) Any participant of a fantasy contest shall be at least eighteen (18) years old.

8 (3) (a) A fantasy contest operator may only accept an entry from a person
9 physically located in the Commonwealth.

10 (b) A fantasy contest operator shall use a geolocation system to ensure that a
11 participant is physically present in the Commonwealth when submitting an
12 entry unless otherwise authorized by the corporation.

13 (4) (a) Sections 2 to 10 of this Act shall be construed liberally to promote the
14 general welfare of the public and integrity of the fantasy contest industry.

15 (b) The corporation shall not in any way limit or restrict the types of fantasy
16 contests allowed by labelling any such contests as sports wagering.

17 (5) A licensed fantasy contest operator shall not be forced to surrender or terminate a
18 license prior to the date of expiration of the license solely by virtue of a change in
19 the qualifications for licensure under Sections 2 to 10 of this Act.

20 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
21 READ AS FOLLOWS:

22 (1) The corporation shall investigate all reasonable allegations of prohibited conduct
23 and refer any allegations it deems credible to the appropriate law enforcement
24 agency.

25 (2) The identity of any reporting person shall remain confidential unless that person
26 authorizes disclosure of the person's identity or until the allegation of prohibited
27 conduct is referred to law enforcement.

1 (3) If the corporation receives a complaint of prohibited conduct by an athlete, the
2 corporation shall notify the appropriate sports governing body of the athlete to
3 review the complaint as provided by the corporation.

4 (4) The corporation shall promulgate administrative regulations in accordance with
5 KRS Chapter 13A to govern investigations of prohibited conduct and referrals to
6 law enforcement agencies.

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

9 (1) As used in this section:

10 (a) "Adjusted gross fantasy contest receipts" means the total sum of entry fees
11 collected by a fantasy contest operator from all participants entering a
12 fantasy contest, less winnings paid to participants in the contest, multiplied
13 by the location percentage; and

14 (b) "Location percentage" means the percentage of the total entry fees for each
15 fantasy contest collected from participants located in the Commonwealth
16 divided by the total entry fees collected from all participants in the fantasy
17 contest, rounded to the nearest one-tenth of one percent (0.1%).

18 (2) (a) The initial license fee for a fantasy contest operator that operated in this
19 Commonwealth at least twelve (12) months prior to the effective date of this
20 Act shall be eight percent (8%) of the operator's adjusted gross fantasy
21 contest receipts from the preceding calendar year or five hundred thousand
22 (\$500,000) dollars, whichever is less.

23 (b) The initial license fee for a fantasy contest operator that did not operate in
24 this Commonwealth for at least twelve (12) months prior to the effective
25 date of this Act shall be five thousand (\$5,000) dollars, provided that the
26 fantasy contest operator shall remit a supplemental license fee of ten
27 percent (10%) of its adjusted gross fantasy contest receipts for the twelve

1 (12) month period beginning on the date of licensure less the initial license
2 fee, or five thousand (\$5,000) dollars, whichever is less.

3 (3) A fantasy contest operator that was offering contests to persons located in this
4 Commonwealth before the effective date of this Act may continue to offer contests
5 to persons located in this Commonwealth until the operator's application has
6 been approved or denied if the operator submits an application for licensure with
7 the corporation within ninety (90) days after the corporation promulgates
8 administrative regulations to effectuate Sections 2 to 10 of this Act.

9 (4) (a) Licenses issued by the corporation shall remain in effect for one (1) year.
10 The corporation shall promulgate administrative regulations to establish a
11 process for renewal with a renewal fee being one percent (1%) of the
12 adjusted gross fantasy contest receipts for the previous year, or five
13 thousand (\$5,000) dollars, whichever is less.

14 (b) A fantasy contest operator may request in writing to the corporation an
15 extension to renew the operator's license. If the operator allows the license
16 to lapse, without requesting an extension time to file, the operator shall
17 resubmit an initial application.

18 (5) A fantasy contest operator applying for a license or renewal of a license may
19 operate during the application period unless the corporation:

20 (a) Has reasonable cause to believe that the fantasy contest operator is or may
21 be in violation of a provision of Sections 2 to 10 of this Act; and

22 (b) Requires the fantasy contest operator to suspend the operation of any
23 fantasy contests until the license or renewal of a license is issued.

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

26 (1) There is hereby established in the State Treasury a trust and agency account to be
27 known as the fantasy contest administration fund. The fund shall consist of

1 moneys received from the fees and monthly tax imposed by Sections 8 and 11 of
2 this Act.

3 (2) The fund shall be administered by the Kentucky Horse Racing and Gaming
4 Corporation.

5 (3) (a) Amounts deposited in the fund shall be used as follows:

6 1. For administrative expenses relating to or associated with the
7 purposes of fantasy contests; and

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

11 (b) The remaining funds shall be deposited in the Kentucky permanent pension
12 fund established in KRS 42.205.

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

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

17 (1) Each fantasy contest operator shall include a statement regarding obtaining
18 assistance with real-money gaming problems on the operator's portal, website,
19 computer, or mobile application and on all marketing materials and
20 advertisements of the operator.

21 (2) (a) A resident, or nonresident if allowed to participate in fantasy contests, may
22 voluntarily prohibit himself or herself from establishing a fantasy contest
23 account with a fantasy contest operator.

24 (b) The corporation shall incorporate the voluntary self-exclusion program for
25 fantasy contests into any existing self-exclusion program that it operates on
26 the effective date of this Act.

27 (3) If a self-excluded person participates in a fantasy contest, the fantasy contest

1 operator shall report to the corporation, at a minimum, the name of the self-
2 excluded person, the date of participation, the amount or value of any money,
3 prizes, or awards forfeited, if any, and any other action taken.

4 (4) A fantasy contest operator shall not pay any prize or award to a person who is on
5 the corporation's self-exclusion list. Any prize or award won by a person on the
6 self-exclusion list is forfeited and shall be donated by the fantasy contest operator
7 to the problem gaming charities or programs as identified and directed by the
8 corporation on a quarterly basis by the twenty-fifth day of the following month.

9 (5) A fantasy contest operator shall develop and maintain a program to mitigate
10 compulsive play and curtail compulsive play, which may be in conjunction with
11 the corporation.

12 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
13 READ AS FOLLOWS:

14 (1) As used in this section:

15 (a) "Adjusted gross fantasy contest receipts" has the same meaning as in
16 Section 8 of this Act;

17 (b) "Corporation" has the same meaning as in Section 1 of this Act;

18 (c) "Fantasy contest operator" has the same meaning as in Section 1 of this
19 Act; and

20 (d) "Location percentage" has the same meaning as in Section 8 of this Act.

21 (2) Beginning on July 1, 2025, the Commonwealth shall impose and collect a tax at a
22 rate of ten percent (10%) of the fantasy contest operator's adjusted gross fantasy
23 contest receipts. The accrual method of accounting shall be used for purposes of
24 calculating the amount of tax owed by the licensee.

25 (3) The tax imposed by this section is due and payable to the corporation monthly
26 and shall be remitted on or before the last day of each calendar month.

27 (4) The fantasy contest operator's payment shall be accompanied by a return

prescribed by the corporation indicating the amount of tax due for the previous calendar month as well as any other information the corporation shall promulgate by administrative regulation.

➔Section 12. KRS 230.215 (Effective July 1, 2025) is amended to read as follows:

- (1) (a) It is the policy of the Commonwealth of Kentucky, in furtherance of its responsibility to foster and to encourage legitimate occupations and industries in the Commonwealth and to promote and to conserve the public health, safety, and welfare, and it is hereby declared the intent of the Commonwealth to foster and to encourage the horse breeding industry within the Commonwealth and to encourage the improvement of the breeds of horses.
- (b) Further, it is the policy and intent of the Commonwealth to foster and to encourage the business of legitimate horse racing with pari-mutuel wagering thereon in the Commonwealth on the highest possible plane. Further, it hereby is declared the policy and intent of the Commonwealth that all racing not licensed under this chapter is a public nuisance and may be enjoined as such.
- (c) Further, it is hereby declared the policy and intent of the Commonwealth that the conduct of horse racing, or the participation in any way in horse racing, or the entrance to or presence where horse racing is conducted, is a privilege and not a personal right; and that this privilege may be granted or denied by the corporation or its duly approved representatives acting in its behalf.
- (d) Further, it is hereby declared the policy and intent of the Commonwealth that citizens shall be allowed to enjoy wagering on sporting events in a controlled environment that protects the citizens from cheating and fraud, and that such wagering shall be best controlled and overseen by the Kentucky Horse Racing and Gaming Corporation, which has demonstrated a long and successful history of regulating wagering.

- 1 (e) Further, it is hereby declared the policy and intent of the Commonwealth that
2 charitable gaming conducted by charitable organizations is an important
3 method of raising funds for legitimate charitable purposes and is in the public
4 interest. The intent of this chapter and KRS Chapter 238 is to prevent the
5 commercialization of charitable gaming, to prevent participation in charitable
6 gaming by criminal and other undesirable elements, and to prevent the
7 diversion of funds from legitimate charitable purposes, and that charitable
8 gaming shall be best controlled and overseen by the Kentucky Horse Racing
9 and Gaming Corporation.
- 10 (2) (a) It is hereby declared the purpose and intent of this chapter in the interest of
11 the public health, safety, and welfare, to vest in the corporation forceful
12 control of horse racing in the Commonwealth with plenary power to
13 promulgate administrative regulations prescribing conditions under which all
14 legitimate horse racing and wagering thereon is conducted in the
15 Commonwealth so as to encourage the improvement of the breeds of horses in
16 the Commonwealth, to regulate and maintain horse racing at horse race
17 meetings in the Commonwealth of the highest quality and free of any corrupt,
18 incompetent, dishonest, or unprincipled horse racing practices, and to regulate
19 and maintain horse racing at race meetings in the Commonwealth so as to
20 dissipate any cloud of association with the undesirable and maintain the
21 appearance as well as the fact of complete honesty and integrity of horse
22 racing in the Commonwealth.
- 23 (b) In addition, it is hereby declared the purpose and intent of this chapter to vest
24 in the corporation exclusive jurisdiction over sports wagering and fantasy
25 contests in the Commonwealth, with plenary power to promulgate
26 administrative regulations prescribing conditions under which all sports
27 wagering and fantasy contests are~~is~~ to be conducted.

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

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

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

19 ➔Section 13. KRS 230.225 is amended to read 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, sports
22 wagering, *fantasy contests*, breed integrity and development, and on and after July
23 1, 2025, charitable gaming, in the Commonwealth, exclusive of the state lottery
24 established under KRS Chapter 154A. It shall be an independent, de jure municipal
25 corporation and political subdivision of the Commonwealth of Kentucky which
26 shall be a public body corporate and politic. The corporation shall be deemed a
27 public agency within the meaning of KRS 61.805 and 61.870. The corporation shall

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

12 (b) The corporation shall submit a written annual report to the Governor and the
13 Legislative Research Commission on or before July 1 of each year. The first
14 report shall be due July 1, 2025. The corporation shall file any additional
15 reports requested by the Governor or the Legislative Research Commission.
16 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 recommendations
20 that the corporation considers useful or that the Governor or the Legislative
21 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) **Fantasy contests;**

- 1 (e) Charitable gaming on and after July 1, 2025;
- 2 ~~(f)(e)~~ Breed integrity and development; and
- 3 (g)~~(f)~~ Related activities within the Commonwealth of Kentucky.
- 4 (4) (a) The corporation shall establish and maintain a general office for the
- 5 transaction of its business and may, in its discretion, establish a branch office
- 6 or offices.
- 7 (b) The corporation may hold meetings at any of its offices or at any other place
- 8 at its convenience.
- 9 (c) A majority of the voting members of the corporation shall constitute a quorum
- 10 for the transaction of its business or exercise of any of its powers.
- 11 (5) Except as otherwise provided, the corporation shall be responsible for the
- 12 following:
- 13 (a) Developing and implementing programs designed to ensure the safety and
- 14 well-being of horses, jockeys, and drivers;
- 15 (b) Developing programs and procedures that will aggressively fulfill its
- 16 oversight and regulatory role on such matters as medical practices and
- 17 integrity issues;
- 18 (c) Recommending tax incentives and implementing incentive programs to ensure
- 19 the strength and growth of the equine industry;
- 20 (d) Designing and implementing programs that strengthen the ties between
- 21 Kentucky's horse industry and the state's universities, with the goal of
- 22 significantly increasing the economic impact of the horse industry on
- 23 Kentucky's economy, improving research for the purpose of promoting the
- 24 enhanced health and welfare of the horse, and other related industry issues;
- 25 (e) Developing and supporting programs which ensure that Kentucky remains in
- 26 the forefront of equine research;
- 27 (f) Designing and implementing programs that support and ensure breed integrity

- 1 and development;
- 2 (g) Developing monitoring programs to ensure the highest integrity of sporting
- 3 events and sports wagering;
- 4 (h) Developing a program to share wagering information with sports governing
- 5 bodies upon which sports wagering may be conducted. The program shall be
- 6 designed to assist the corporation in determining potential problems or
- 7 questionable activity and provide reports to sports governing bodies
- 8 effectively;
- 9 (i) Developing programs and procedures that will aggressively fulfill its
- 10 oversight and regulatory role to ensure the highest integrity in charitable
- 11 gaming;
- 12 (j) Developing programs and procedures that will aggressively provide oversight
- 13 and regulation for all current forms of gaming and wagering; and
- 14 (k) Ensuring that the correct responsibilities are assigned to each of its offices as
- 15 established in KRS 230.232.
- 16 (6) (a) The corporation shall:
- 17 1. Conduct all procurements in accordance with procedures which are not
- 18 inconsistent with the provisions of KRS Chapter 45A and this chapter;
- 19 provided, however, that this chapter shall control if and to the extent that
- 20 any provision in this chapter is expressly inconsistent with any provision
- 21 of KRS Chapter 45A; or
- 22 2. Promulgate administrative regulations establishing its procurement
- 23 procedures. If the corporation elects to promulgate administrative
- 24 regulations establishing its procurement procedures rather than conduct
- 25 procurements in accordance with KRS Chapter 45A, the corporation
- 26 may include sections of KRS Chapter 45A as part of its administrative
- 27 regulations.

- 1 (b) Major procurements for personal service contracts shall not be subject to the
2 requirements of KRS 45A.695(2)(b) due to the unique operational activities
3 conducted for state government by the corporation. The corporation's
4 procurement procedures or administrative regulations shall be designed to
5 provide for the purchase of supplies, equipment, services, and construction
6 items that provide the greatest long-term benefit to the state and the greatest
7 integrity for the corporation and the public.
- 8 (c) In its bidding and negotiation processes, the corporation may do its own
9 bidding and procurement, or may utilize the services of the Finance and
10 Administration Cabinet, or a combination thereof. The president of the
11 corporation may, in lieu of the secretary of the Finance and Administration
12 Cabinet, declare an emergency for purchasing purposes.
- 13 (7) Corporation records shall be open and subject to public inspection in accordance
14 with KRS 61.870 to 61.884 unless:
- 15 (a) A record is exempted from inspection under KRS 61.878;
- 16 (b) A record involves a trade secret or other legally protected intellectual property
17 or confidential proprietary information of the corporation or of an applicant,
18 licensee, individual, or entity having submitted information of such character
19 to the corporation, in which case, the portion of the record relating to these
20 subjects may be closed; or
- 21 (c) The disclosure of the record could impair or adversely affect the operational
22 security of the corporation in the regulation of matters within its jurisdiction
23 or could impair or adversely impact the operational security of applicants or
24 licensees.
- 25 (8) Meetings of the corporation through its board of directors shall be open to the
26 public in accordance with KRS 61.800 to 61.850 unless the exceptions set forth in
27 KRS 61.810 apply or the meeting addresses trade secrets, confidential or

1 proprietary information, or operational security issues as described in subsection
2 (7)(c) of this section. If this is the case, the corporation may meet in closed session
3 and shall follow the procedures set forth in KRS 61.815.

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

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

14 (10) On July 1, 2024:

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

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

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

23 (11) On July 1, 2025:

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

27 (b) The Department of Charitable Gaming shall be abolished and all employees

1 of the Department of Charitable Gaming are transferred to the corporation;
2 and

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

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

8 (a) Regulate or control horse sales;

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

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

12 ➔Section 14. KRS 230.232 is amended to 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) **Fantasy contests;**

22 **(f)** Licensing, compliance, and investigations; and

23 **(g)**~~(f)~~ Charitable gaming.

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

26 (3) Each office may propose the promulgation of administrative regulations related to
27 its area of jurisdiction, but the corporation shall have final authority to promulgate

1 administrative regulations under this chapter and on and after July 1, 2025, final
2 authority to promulgate administrative regulations under KRS Chapter 238.

3 ➔Section 15. KRS 230.260 is amended to read as follows:

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

8 (1) The corporation is vested with jurisdiction and supervision over all live horse
9 racing, pari-mutuel wagering, sports wagering, *fantasy contests*, breed integrity and
10 development, and on and after July 1, 2025, charitable gaming, except for lottery
11 games authorized under KRS Chapter 154A, in this Commonwealth and over all
12 associations and all persons on association grounds and may eject or exclude
13 therefrom or any part thereof, any person, licensed or unlicensed, whose conduct or
14 reputation is such that the person's presence on association grounds may, in the
15 opinion of the corporation, negatively reflect on the honesty and integrity of horse
16 racing, or on sporting events upon which sports wagers may be placed, or interfere
17 with the orderly conduct of horse racing or racing at horse race meetings, but no
18 persons shall be excluded or ejected from association grounds solely on the ground
19 of race, color, creed, national origin, ancestry, or sex;

20 (2) The corporation is vested with jurisdiction over any person or entity that offers
21 advance deposit account wagering to Kentucky residents. Any such person or entity
22 under the jurisdiction of the corporation shall be licensed by the corporation, and
23 the corporation may impose a license fee not to exceed ten thousand dollars
24 (\$10,000) annually. The corporation shall, by administrative regulation
25 promulgated in accordance with KRS Chapter 13A, establish conditions and
26 procedures for the licensing of advance deposit account wagering providers to
27 include but not be limited to:

- 1 (a) A fee schedule for applications for licensure; and
- 2 (b) Reporting requirements to include quarterly reporting on:
- 3 1. The amount wagered on Kentucky races; and
- 4 2. The total amount wagered by Kentuckians;
- 5 (3) The corporation is vested with jurisdiction over any totalisator company that
- 6 provides totalisator services to a racing association located in the Commonwealth.
- 7 A totalisator company under the jurisdiction of the corporation shall be licensed by
- 8 the corporation, regardless of whether a totalisator company is located in the
- 9 Commonwealth or operates from a location or locations outside of the
- 10 Commonwealth, and the corporation may impose a license fee on a totalisator
- 11 company. The corporation shall, by administrative regulation promulgated in
- 12 accordance with KRS Chapter 13A, establish conditions and procedures for the
- 13 licensing of totalisator companies, and a fee schedule for applications for licensure;
- 14 (4) The corporation is vested with jurisdiction over any manufacturer, wholesaler,
- 15 distributor, or vendor of any equine drug, medication, therapeutic substance, or
- 16 metabolic derivative which is purchased by or delivered to a licensee or other
- 17 person participating in Kentucky horse racing by means of the internet, mail
- 18 delivery, in-person delivery, or other means;
- 19 (5) The corporation is vested with jurisdiction over any horse training center or facility
- 20 in the Commonwealth that records official timed workouts for publication;
- 21 (6) The corporation may require an applicant for a license under subsection (2) or (3) of
- 22 this section to submit to a background check of the applicant, or of any individual
- 23 or organization associated with the applicant. An applicant shall be required to
- 24 reimburse the corporation for the cost of any background check conducted;
- 25 (7) The corporation, its representatives and employees, may visit, investigate, and have
- 26 free access to the office, track, facilities, or other places of business of any licensee,
- 27 or any person owning a horse or performing services regulated by this chapter on a

1 horse registered to participate in a breeders incentive fund under the jurisdiction of
2 the corporation;

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

8 (9) Applications for licenses shall be made in the form and manner and contain
9 information as required by the corporation through the promulgation of
10 administrative regulations. Fees for all licenses issued under KRS 230.310 shall be
11 prescribed by and paid to the corporation;

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

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

24 (12) The corporation may issue subpoenas for the attendance of witnesses before it and
25 for the production of documents, records, papers, books, supplies, devices,
26 equipment, and all other instrumentalities related to live horse racing, pari-mutuel
27 wagering, sports wagering, *fantasy contests*, breed integrity and development, and

1 on and after July 1, 2025, charitable gaming, within the Commonwealth. The
2 corporation may administer oaths to witnesses and require witnesses to testify under
3 oath whenever, in the judgment of the corporation, it is necessary to do so for the
4 effectual discharge of its duties;

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

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

12 (15) (a) The corporation shall promulgate administrative regulations establishing a
13 self-exclusion list for individuals who self-identify as being problem or
14 compulsive gamblers.

15 (b) Self-exclusion information collected by each racing association shall be
16 forwarded to the corporation, and the information from the racing associations
17 shall be compiled into a comprehensive list that shall be provided to all racing
18 associations.

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

21 (16) (a) The corporation shall promulgate administrative regulations to establish
22 standards for the conduct of sports wagering, including standards for
23 receiving and paying out wagers, offering sports wagering through a website
24 or mobile application, maintaining and auditing books and financial records,
25 securely maintaining records of bets and wagers, integrity requirements for
26 sports wagering and related data, suitability requirements for providers of
27 associated equipment, geofence standards for wager placement, designated

1 areas for sports wagering, surveillance and monitoring systems, and other
2 reasonable technical criteria related to conducting sports wagering.

3 (b) The corporation shall promulgate administrative regulations related to age
4 requirements for placing sports wagers, availability of information related to
5 sports wagers, and licensing requirements, including temporary
6 authorizations, for service providers, vendors, and suppliers; and

7 (17) (a) On and after July 1, 2025, the corporation is vested with jurisdiction and
8 supervision over all charitable gaming and shall promulgate administrative
9 regulations to establish standards for the conduct of charitable gaming
10 consistent with the guidelines established in this chapter and KRS Chapter
11 238. The corporation may eject or exclude therefrom or any part thereof, any
12 person, licensed or unlicensed, whose conduct or reputation is such that the
13 person's presence at a charitable gaming facility may, in the opinion of the
14 corporation, negatively reflect on the honesty and integrity of charitable
15 gaming, or interfere with the orderly conduct of charitable gaming at a
16 charitable gaming facility, but no persons shall be excluded or ejected from a
17 charitable gaming facility solely on the ground of race, color, creed, national
18 origin, ancestry, or sex.

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

24 (c) The administrative regulations of the Department of Charitable Gaming that
25 are in effect on July 1, 2025, shall remain in effect as the initial administrative
26 regulations of the corporation until the corporation amends or repeals the
27 administrative regulations pursuant to KRS Chapter 13A, except as provided

1 by KRS 13A.3102, 13A.3104, and 13A.330.

2 ➔Section 16. KRS 243.500 (Effective July 1, 2025) is amended to read as
3 follows:

4 Any license may be revoked or suspended for the following causes:

- 5 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
6 any illegal alcoholic beverages on the licensed premises.
- 7 (2) Making any false, material statements in an application or renewal application for a
8 license or supplemental license.
- 9 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 10 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,
11 or any act regulating the manufacture, sale, and transportation of alcoholic
12 beverages within two (2) consecutive years;
- 13 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
14 alcoholic beverages within two (2) consecutive years; or
- 15 (c) Any felony.
- 16 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any
17 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
18 Congress relative to taxation, or for a violation of any related administrative
19 regulations promulgated by the Department of Revenue.
- 20 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
21 and 243.610, or granted under any Act of Congress relative to the regulation of the
22 manufacture, sale, and transportation of alcoholic beverages.
- 23 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any
24 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
25 facility for betting or transmitting bets on horse races; or permitting to be set up,
26 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
27 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.

1 This subsection shall not apply to:

- 2 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 3 (b) The operation of a pari-mutuel system for betting, or the operation of sports
- 4 wagering, where authorized by law;
- 5 (c) The conduct of charitable gaming by a charitable organization licensed or
- 6 permitted under KRS Chapters 230 and 238;~~[-or]~~
- 7 (d) Special temporary raffles of alcoholic beverages under KRS 243.036; or
- 8 (e) The conduct of fantasy contests under KRS Chapter 230.

9 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:

- 10 (a) The trafficking or possession upon the licensed premises of controlled or
- 11 illegal substances described in KRS Chapter 218A, including synthetic drugs;
- 12 (b) Knowingly permitting the trafficking or possession by patrons upon the
- 13 licensed premises of controlled or illegal substances described in KRS
- 14 Chapter 218A, including synthetic drugs; or
- 15 (c) Knowingly receiving stolen property upon the licensed premises.

16 (8) Failure to comply with the terms of a final order of the board.

17 ➔Section 17. KRS 525.090 is amended to read as follows:

18 (1) A person is guilty of loitering when the person:

- 19 (a) Loiters or remains in a public place for the purpose of gambling with cards,
- 20 dice, or other gambling paraphernalia, except that the provisions of this
- 21 section shall not apply if the person is participating in charitable gaming
- 22 defined by KRS 238.505, or is engaged in sports wagering or fantasy contests
- 23 licensed under KRS Chapter 230;
- 24 (b) Loiters or remains in a public place for the purpose of unlawfully using a
- 25 controlled substance;
- 26 (c) Loiters or remains in or about a school, college, or university building or
- 27 grounds, not having any reason or relationship involving custody of or

1 responsibility for a pupil or student or any other specific legitimate reason for
2 being there and not having written permission from anyone authorized to
3 grant the same; or

4 (d) Loiters or remains in any transportation facility, unless specifically authorized
5 to do so, for the purpose of soliciting or engaging in any business, trade, or
6 commercial transactions involving the sale of merchandise or services.

7 (2) Loitering is a violation.

8 ➔Section 18. KRS 528.010 (Effective July 1, 2025) is amended to read as
9 follows:

10 The following definitions apply in this chapter unless the context otherwise requires:

11 (1) (a) "Advancing gambling activity" means~~[A person "advances gambling~~
12 ~~activity" when, acting other than as a player, he or she engages in]~~ conduct a
13 person engages in other than as a player that materially aids any form of
14 gambling activity not authorized under KRS Chapter 230.

15 (b) "Advancing gambling activity" includes~~[The conduct shall include,]~~ but is
16 not limited to~~[,]~~ conduct directed toward the:

17 1. Establishment of the particular game, contest, scheme, device, or
18 activity involved;~~[toward the]~~

19 2. Acquisition or maintenance of premises, paraphernalia, equipment, or
20 apparatus therefor;~~[toward the]~~

21 3. Solicitation or inducement of persons to participate therein;~~[toward the]~~

22 4. Actual conduct of the playing phases thereof; and~~[toward the]~~

23 5. Arrangement of any of its financial or recording phases or toward any
24 other phase of its operation.

25 (c) A person who gambles at a social game of chance on equal terms with other
26 participants does not otherwise advance gambling activity by performing acts,
27 without remuneration or fee, directed toward the arrangement or facilitation of

1 the game, such as inviting persons to play, permitting the use of premises
2 therefor and supplying equipment used therein;

3 (2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets
4 upon the outcome of future contingent events from members of the public as a
5 business not authorized under KRS Chapter 230;

6 (3) "Charitable gaming" means games of chance conducted by charitable organizations
7 licensed and regulated under the provisions of KRS Chapters 230 and 238;

8 (4) (a) "Coin-operated amusement machine" means a lawful machine or device that
9 requires the direct or indirect payment of consideration, including but not
10 limited to the insertion of a coin, currency, ticket, token, or similar object, or
11 the depositing of funds with the operator or owner of the device, and that
12 contains no material element of chance and automatically, by or through some
13 mechanical operation, affords music or amusement of some character with or
14 without vending any merchandise, but in addition to any merchandise.

15 (b) A coin-operated amusement machine shall not deliver or entitle the person
16 playing or operating the game to receive cash, cash equivalents, gift cards, or
17 vouchers, billets, tickets, tokens, electronic credits or any item that can be
18 exchanged for cash, cash equivalents, gift cards, merchandise, or something of
19 value, unless otherwise provided under this section.

20 (c) A coin-operated amusement machine may entitle the person playing to a
21 noncash, merchandise prize or a voucher, billet, ticket, token, or electronic
22 credit redeemable only for a noncash, merchandise prize under the following
23 rules:

24 1. The wholesale value of a merchandise prize awarded as a result of the
25 single play of a machine, either directly or as a result of redemption of a
26 redeemable voucher, does not exceed twenty-five dollars (\$25);

27 2. Redeemable vouchers are not redeemable for any merchandise prize that

- 1 has a wholesale value of more than twenty-five dollars (\$25) times the
2 fewest number of single plays necessary to accrue the redeemable
3 vouchers required to obtain that prize; and
- 4 3. Any redeemable vouchers or merchandise prizes are distributed at the
5 site of the coin-operated amusement machine at the time of play.
- 6 (d) The noncash merchandise prize shall not be:
- 7 1. An alcoholic beverage;
- 8 2. Eligible for purchase or repurchase; or
- 9 3. Exchangeable for any cash, cash equivalents, or something of value
10 whatsoever;
- 11 (5) (a) "E-sports competition" means a league, competitive circuit, tournament, or
12 similar competition in which:
- 13 1. Two (2) or more participants or teams of participants compete directly
14 against each other for entertainment and prizes in the same video game
15 at the same time, typically for spectators;
- 16 2. Results are determined solely on the basis of the skill of the players;
- 17 3. The number of participants is fixed before the beginning of the
18 competition;
- 19 4. Any fee collected to participate in the competition shall be collected
20 from all participants before the competition begins;
- 21 5. At least one (1) participant shall receive something of value based on the
22 results of the competition; and
- 23 6. The value of any prize shall be predetermined before the competition
24 begins.
- 25 (b) E-sports shall not include traditional casino games which include but are not
26 limited to poker, roulette, craps, or blackjack;
- 27 (6) (a) "Gambling" means staking or risking something of value upon the outcome of

1 a contest, game, gaming scheme, or gaming device which is based upon an
2 element of chance, in accord with an agreement or understanding that
3 someone will receive something of value in the event of a certain outcome.
4 "Gambling" includes playing or offering for play any game, contest, or
5 competition utilizing a gambling device.

6 (b) "Gambling" does not include:

- 7 1. A contest or game in which eligibility to participate is determined by
8 chance and the ultimate winner is determined by skill;
- 9 2. Charitable gaming which is licensed and regulated under the provisions
10 of KRS Chapter 238;
- 11 3. E-sports competitions;
- 12 4. Skill-based contests;~~{or}~~
- 13 5. The use or operation of any devices or machines that are described in
14 subsection (7)(b) of this section; or

15 **6. Fantasy contests regulated under KRS Chapter 230;**

16 (7) (a) "Gambling device" means:

- 17 1. Any so-called slot machine or any other machine or mechanical device
18 which when operated may deliver, as a result of the application of any
19 element of chance, any money or property, or by the operation of which
20 a person may become entitled to receive, as the result of the application
21 of any element of chance, any money or property;
- 22 2. Any mechanical or electronic device permanently located in a business
23 establishment, including a private club, that is offered or made available
24 to a person to play or participate in a simulated gambling program in
25 return for direct or indirect consideration, including but not limited to
26 consideration paid for internet access or computer time, or a
27 sweepstakes entry, which when operated may deliver as a result of the

1 application of any element of chance, regardless of whether the result is
2 also partially or predominantly based on skill, any money or property, or
3 by the operation of which a person may become entitled to receive, as
4 the result of the application of any element of chance, regardless of
5 whether the result is also partially or predominantly based on skill, any
6 money or property;

7 3. Any other machine or any mechanical, electronic, or other device,
8 including but not limited to roulette wheels, gambling tables and similar
9 devices, designed and manufactured primarily for use in connection with
10 gambling and which when operated may deliver, as the result of the
11 application of any element of chance, any money or property, or by the
12 operation of which a person may become entitled to receive, as the
13 result of the application of any element of chance, any money or
14 property; or

15 4. Any electronic, computerized, or mechanical contrivance, terminal,
16 machine, or other device that:

17 a. Requires the direct or indirect payment of consideration which
18 may include and shall not be limited to the insertion of a coin,
19 currency, ticket, token, or similar object, or by depositing funds
20 with the operator or owner of the device, to operate, play, or
21 activate a game; and

22 b. Offers games the outcomes of which are determined by any
23 element of skill of the player and may deliver or entitle the person
24 playing or operating the device to receive cash, cash equivalents,
25 or gift cards or vouchers, billets, tickets, tokens, or electronic
26 credits to be exchanged for cash or to receive merchandise or
27 something of value, whether the payoff is made automatically

1 from the device or manually.

2 (b) The following shall not be considered gambling devices within this definition:

3 1. Devices dispensing or selling combination or French pools on licensed,
4 regular racetracks during races on said tracks;

5 2. Devices dispensing or selling combination or French pools on historical
6 races at licensed, regular racetracks as lawfully authorized by the
7 Kentucky Horse Racing and Gaming Corporation;

8 3. Electro-mechanical pinball machines specially designed, constructed, set
9 up, and kept to be played for amusement only. Any pinball machine
10 shall be made to receive and react only to the deposit of coins during the
11 course of a game. The ultimate and only award given directly or
12 indirectly to any player for the attainment of a winning score or
13 combination on any pinball machine shall be the right to play one (1) or
14 more additional games immediately on the same device at no further
15 cost. The maximum number of free games that can be won, registered,
16 or accumulated at one (1) time in operation of any pinball machine shall
17 not exceed thirty (30) free games. Any pinball machine shall be made to
18 discharge accumulated free games only by reactivating the playing
19 mechanism once for each game released. Any pinball machine shall be
20 made and kept with no meter or system to preserve a record of free
21 games played, awarded, or discharged. Nonetheless, a pinball machine
22 shall be a gambling device if a person gives or promises to give money,
23 tokens, merchandise, premiums, or property of any kind for scores,
24 combinations, or free games obtained in playing the pinball machine in
25 which the person has an interest as owner, operator, keeper, or
26 otherwise;

27 4. Devices used in the conduct of charitable gaming;

- 1 5. Coin-operated amusement machines;
- 2 6. Devices used for wagering exempted from the application of this chapter
- 3 pursuant to KRS 436.480;
- 4 7. Devices used in e-sports competitions; or
- 5 8. Devices used in skill-based contests, provided such devices do not meet
- 6 the definition of gambling devices in paragraph (a) of this subsection;
- 7 (8) "Lottery and gift enterprise" means:
- 8 (a) A gambling scheme in which:
- 9 1. The players pay or agree to pay something of value for chances,
- 10 represented and differentiated by numbers or by combinations of
- 11 numbers or by some other media, one (1) or more of which are to be
- 12 designated the winning ones;
- 13 2. The ultimate winner is to be determined by a drawing or by some other
- 14 method based upon the element of chance; and
- 15 3. The holders of the winning chances are to receive something of value;
- 16 and
- 17 (b) A gift enterprise or referral sales plan which meets the elements of a lottery
- 18 listed in paragraph (a) of this subsection is to be considered a lottery under
- 19 this chapter;
- 20 (9) "Mutuel" or "the numbers games" means a form of lottery in which the winning
- 21 chances or plays are not determined upon the basis of a drawing or other act on the
- 22 part of persons conducting or connected with the scheme, but upon the basis of the
- 23 outcome or outcomes of a future contingent event or events otherwise unrelated to
- 24 the particular scheme;
- 25 (10) "Player" means a person who engages in any form of gambling solely as a
- 26 contestant or bettor, without receiving or becoming entitled to receive any profit
- 27 therefrom other than personal gambling winnings, and without otherwise rendering

1 any material assistance to the establishment, conduct, or operation of the particular
2 gambling activity. A person who engages in "bookmaking" as defined in subsection
3 (2) of this section is not a "player." The status of a "player" shall be a defense to any
4 prosecution under this chapter;

5 (11) "Profiting from gambling activity" means ~~["A person "profits from gambling~~
6 ~~activity"]~~ when, other than as a player, a person ~~he or she~~ accepts or receives or
7 agrees to accept or receive money or other property pursuant to an agreement or
8 understanding with any other person whereby the person ~~he or she~~ participates or
9 is to participate in the proceeds of gambling activity not authorized under KRS
10 Chapter 230;

11 (12) "Simulated gambling program" means any method intended to be used by a person
12 playing, participating, or interacting with an electronic device that may, through the
13 application of any element of chance, either deliver money or property or an
14 entitlement to receive money or property;

15 (13) "Skill" means the knowledge, dexterity, or any other ability or expertise of a natural
16 person;

17 (14) "Skill-based contest" means a live, in-person competitive event among two (2) or
18 more individuals or teams of individuals in which the ultimate winner is determined
19 by skill and the competitive event does not utilize a gambling device; and

20 (15) (a) "Something of value" means any money or property, any token, object, or
21 article exchangeable for money or property, or any form of credit or promise
22 directly or indirectly contemplating transfer of money or property or of any
23 interest therein, or involving extension of a service, entertainment, or a
24 privilege of playing at a game or scheme without charge.

25 (b) "Something of value" does not include the award of a free, extended, or
26 continuous play which is awarded as a prize for playing a game or scheme for
27 a charge.

1 ➔Section 19. KRS 528.070 is amended to read as follows:

2 (1) A person is guilty of permitting gambling when, having possession or control of
3 premises which he or she knows are being used to advance gambling activity that is
4 not licensed under KRS Chapter 230, he or she fails to halt or abate or attempt to
5 halt or abate such use within a reasonable period of time.

6 (2) Permitting gambling is a Class B misdemeanor.

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

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

12 (2) As used in this section:

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

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

15 a. Owned, leased, or purchased by an association licensed by the
16 Kentucky Horse Racing and Gaming Corporation under KRS
17 230.300;

18 b. That meets the definition of "track" under KRS
19 230.210(41)(35)(c); and

20 c. Where pari-mutuel wagering on historical horse races is conducted
21 on terminals approved by the Kentucky Horse Racing and Gaming
22 Corporation.

23 2. "Racetrack extension" does not include a facility or real property used
24 for training horses or at which live horse races are run for stakes, purses,
25 or prizes under the jurisdiction of the Kentucky Horse Racing and
26 Gaming Corporation.

27 ➔Section 21. KRS 91.202 is amended to read as follows:

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

3 (2) As used in this section:

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

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

6 a. Owned, leased, or purchased by an association licensed by the
7 Kentucky Horse Racing and Gaming Corporation under KRS
8 230.300;

9 b. That meets the definition of "track" under KRS
10 230.210(41)~~[(35)]~~(c); and

11 c. Where pari-mutuel wagering on historical horse races is conducted
12 on terminals approved by the Kentucky Horse Racing and Gaming
13 Corporation.

14 2. "Racetrack extension" does not include a facility or real property used
15 for training horses or at which live horse races are run for stakes, purses,
16 or prizes under the jurisdiction of the Kentucky Horse Racing and
17 Gaming Corporation.

18 ➔Section 22. KRS 92.282 is amended to read as follows:

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

21 (2) As used in this section:

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

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

24 a. Owned, leased, or purchased by an association licensed by the
25 Kentucky Horse Racing and Gaming Corporation under KRS
26 230.300;

27 b. That meets the definition of "track" under KRS

1 230.210(41)(35)(c); and

2 c. Where pari-mutuel wagering on historical horse races is conducted
3 on terminals approved by the Kentucky Horse Racing and Gaming
4 Corporation.

5 2. "Racetrack extension" does not include a facility or real property used
6 for training horses or at which live horse races are run for stakes, purses,
7 or prizes under the jurisdiction of the Kentucky Horse Racing and
8 Gaming Corporation.

9 ➔Section 23. This Act takes effect July 1, 2025.

10 ➔Section 24. This Act may be cited as the Fantasy Sports Consumer Protection
11 Act.