

CHAPTER 124**(HB 566)**

AN ACT relating to the Kentucky Horse Racing and Gaming Corporation and declaring an emergency.

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

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

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

- (1) "Advance deposit account wagering" means a form of pari-mutuel wagering in which an individual may establish an account with a person or entity licensed by the corporation, and may place a pari-mutuel wager through that account that is permitted by law;
- (2) "Advance deposit account wagering licensee" means a person or entity licensed by the corporation to conduct advance deposit account wagering and accept deposits and wagers, issue a receipt or other confirmation to the account holder evidencing such deposits and wagers, and transfer credits and debits to and from accounts;
- (3) "Amateur youth sporting event" means any sporting event in which an individual:
 - (a) Shall be less than eighteen (18) years of age to participate; and
 - (b) Is prohibited, as a condition of participating in the sporting event, from receiving direct or indirect compensation for the use of the individual's athletic skill in any manner with respect to the sport in which the particular sporting event is conducted;
- (4) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in which each horse participating in the race is registered with the Appaloosa Horse Club of Moscow, Idaho, and is mounted by a jockey;
- (5) "Arabian" means a horse that is registered with the Arabian Horse Registry of Denver, Colorado;
- (6) "Association" means any person licensed by the Kentucky Horse Racing and Gaming Corporation under KRS 230.300 and engaged in the conduct of a recognized horse race meeting;
- (7) "Charitable gaming" means gaming licensed by the corporation on and after July 1, 2025, as authorized under this chapter and KRS Chapter 238;
- (8) "Corporation" means the Kentucky Horse Racing and Gaming Corporation;
- (9) "Geofence" means a virtual geographic boundary defined by Global Positioning System (GPS) or Radio Frequency Identification (RFID) technology;
- (10) "Harness race" or "harness racing" means trotting and pacing races of the standardbred horses;
- (11) "Horse race meeting" means horse racing run at an association licensed and regulated by the Kentucky Horse Racing and Gaming Corporation, and may include Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;
- (12) "Host track" means the track conducting racing and offering its racing for intertrack wagering, or, in the case of interstate wagering, means the Kentucky track conducting racing and offering simulcasts of races conducted in other states or foreign countries;
- (13) "Interstate wagering" means pari-mutuel wagering on simulcast horse races from a track located in another state or foreign country by patrons at a receiving track or simulcast facility;
- (14) "Intertrack wagering" means pari-mutuel wagering on simulcast horse races from a host track by patrons at a receiving track;
- (15) "Kentucky~~[-quarter horse,]~~ paint horse, Appaloosa, and Arabian purse fund" means a purse fund established to receive funds as specified in KRS 230.3771 for purse programs established in KRS 230.446 to supplement purses for~~[-quarter horse,]~~ paint horse, Appaloosa, and Arabian horse races. The purse program shall be administered by the Kentucky Horse Racing and Gaming Corporation;
- (16) ***"Kentucky quarter horse purse fund" means a purse fund established to receive funds as specified in Section 11 of this Act for purse programs established in Section 14 of this Act to supplement purses for***

quarter horse races. The purse program shall be administered by the Kentucky Horse Racing and Gaming Corporation;

(17) "Kentucky resident" means:

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

~~(18)(17)~~ "Licensed facility for sports wagering" means the designated areas to conduct sports wagering for a track licensed to conduct sports wagering pursuant to KRS 230.811;

~~(19)(18)~~ "Licensed premises" means a track or simulcast facility licensed by the corporation under this chapter;

~~(20)(19)~~ "Paint horse" means a horse registered with the American Paint Horse Association of Fort Worth, Texas;

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

~~(22)(21)~~ "Person" means an individual, sole proprietorship, partnership, association, fiduciary, corporation, limited liability company, or any other business entity;

~~(23)(22)~~ "President" means the president of the Kentucky Horse Racing and Gaming Corporation, who shall serve as chief executive officer of the corporation;

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

- (a) The chairman and all members of the board of directors of a corporation;
- (b) All partners of a partnership and all participating members of a limited liability company;
- (c) All trustees and trust beneficiaries of an association;
- (d) The president or chief executive officer and all other officers, managers, and employees who have policymaking or fiduciary responsibility within the organization;
- (e) All stockholders or other individuals who own, hold, or control, either directly or indirectly, five percent (5%) or more of stock or financial interest in the collective organization; and
- (f) Any other employee, agent, guardian, personal representative, or lender or holder of indebtedness who has the power to exercise a significant influence over the applicant's or licensee's operation;

(25) ***"Proof of wagers" includes any paper, card, certificate, token, or ticket, which indicates the details of one (1) or more pari-mutuel wagers that were placed and, if such wagers are successful, that winnings are due to the ticket holder from the track;***

~~(26)(24)~~ "Quarter horse" means a horse that is registered with the American Quarter Horse Association of Amarillo, Texas;

~~(27)(25)~~ "Receiving track" means a track where simulcasts are displayed for wagering purposes. A track that submits an application for intertrack wagering shall meet all the regulatory criteria for granting an association license of the same breed as the host track, and shall have a heated and air-conditioned facility that meets all state and local life safety code requirements and seats a number of patrons at least equal to the average daily attendance for intertrack wagering on the requested breed in the county in which the track is located during the immediately preceding calendar year;

- ~~(28)~~~~(26)~~ "Simulcast facility" means any facility approved pursuant to KRS 230.380 to simulcast live racing and conduct pari-mutuel wagering on live racing;
- ~~(29)~~~~(27)~~ "Simulcasting" means the telecast of live audio and visual signals of horse races for the purpose of pari-mutuel wagering;
- ~~(30)~~~~(28)~~ "Sporting event" means an event at which two (2) or more persons participate in athletic contests, or an event that takes place in relation to athletic contests as approved by the corporation, but shall not include horse racing or amateur youth sports or athletic events in which the majority of participants are under the age of eighteen (18) years;
- ~~(31)~~~~(29)~~ "Sports governing body" means the organization, league, or association that oversees a sport, prescribes final rules, and enforces codes of conduct with respect to such sport and participants therein;
- ~~(32)~~~~(30)~~ "Sports wagering" means the wagering conducted under this chapter on sporting events or portions of sporting events, or on the individual performance statistics of athletes in a sporting event or combination of sporting events, in conformance with federal law and as authorized by the corporation pursuant to this chapter;
- ~~(33)~~~~(31)~~ "Sports wagering device":
- (a) Means a mechanical, electrical, or computerized contrivance, terminal, device, apparatus, software, piece of equipment, or supply approved by the corporation for conducting sports wagering under this chapter; and
 - (b) Includes a personal computer, mobile device, or other device used in connection with sports wagering not conducted at a licensed facility for sports wagering;
- ~~(34)~~~~(32)~~ "Sports wagering service provider" or "service provider" means a person authorized to conduct or manage sports wagering through an agreement with a track and provide these services at a licensed facility for sports wagering, simulcast facility, or through a website or mobile interface approved by the corporation;
- ~~(35)~~~~(33)~~ "Telephone account wagering" means a form of pari-mutuel wagering where an individual may deposit money in an account at a track and may place a wager by direct telephone call or by communication through other electronic media owned by the holder of the account to the track;
- ~~(36)~~~~(34)~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing in which each horse participating in the race is a Thoroughbred, (i.e., meeting the requirements of and registered with The Jockey Club of New York) and is mounted by a jockey;~~and~~
- ~~(37)~~~~(35)~~ "Track" means any association duly licensed by the Kentucky Horse Racing and Gaming Corporation to conduct horse racing and includes:
- (a) For facilities in operation as of 2010, the location and physical plant described in the "Commonwealth of Kentucky Initial/Renewal Application for License to Conduct Live Horse Racing, Simulcasting, and Pari-Mutuel Wagering," filed for racing to be conducted in 2010;
 - (b) Real property of an association, if the association received or receives approval from the corporation after 2010 for a location at which live racing is to be conducted; or
 - (c) One (1) facility or real property that is:
 - 1. Owned, leased, or purchased by an association within a sixty (60) mile radius of the association's racetrack but not contiguous to racetrack premises, upon corporation approval; and
 - 2. Not within a sixty (60) mile radius of another licensed track premise where live racing is conducted and not within a forty (40) mile radius of a simulcast facility, unless any affected track or simulcast facility agrees in writing to permit a noncontiguous facility within the protected geographic area;
- ~~(38)~~ **"Unclaimed pari-mutuel winning ticket":**
- (a) Means the proof of wager that would require payment of winnings upon submission to the track, but has been presumed abandoned under Section 42 of this Act; and**
 - (b) Includes proof of wagers from live racing and simulcasting; and**
- ~~(39)~~ **"Unredeemed pari-mutuel voucher":**

- (a) *Means a voucher issued by a licensed track that evidences the value of funds or credits available that a patron may use for placing pari-mutuel wagers on live or previously run horse races, or which the patron may redeem for cash, but has been presumed abandoned under Section 42 of this Act; and*
- (b) *Does not include:*
 - 1. *Any proof of wagers or any other information related to specific wagers placed on live or historical horse racing; or*
 - 2. *Any vouchers that were voluntarily surrendered for donation to charity or similar purposes.*

➔ Section 2. 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.
- (e) Further, it is hereby declared the policy and intent of the Commonwealth that charitable gaming conducted by charitable organizations is an 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.
- (f) ***It is hereby declared the intent of the Commonwealth to vest in the corporation the power to regulate the industries under its jurisdiction and ensure compliance, transparency, and protection of the public in accordance with applicable law.***
- (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 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 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 by this chapter, it is the intent hereby to vest in the corporation the power to eject or exclude from association grounds or any part thereof any person, licensed or unlicensed, whose conduct or reputation is such that his or her presence on association grounds may, in the opinion of the corporation, reflect on the honesty and integrity of

horse racing or interfere with either the orderly conduct of horse racing or the orderly conduct of sports wagering.

- (d) In addition, it is hereby declared the purpose and intent of this chapter to vest in the corporation exclusive jurisdiction over charitable gaming in the Commonwealth, with ~~plenary~~ power to promulgate administrative regulations prescribing conditions under which all charitable gaming is to be conducted.
- (e) In addition to the general powers and duties vested in the corporation by this chapter, it is the intent hereby to vest in the corporation the power to eject or exclude from charitable gaming facilities or any part thereof any person, licensed or unlicensed, whose conduct or reputation is such that his or her presence at a charitable gaming facility may, in the opinion of the corporation, reflect on the honesty and integrity of charitable gaming or interfere with the orderly conduct of charitable gaming.

➔Section 3. KRS 230.225 is amended to read as follows:

- (1) There is hereby created and established the Kentucky Horse Racing and Gaming Corporation to regulate all forms of live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, in the Commonwealth, exclusive of the state lottery established under KRS Chapter 154A. It shall be an independent, de jure municipal corporation and political subdivision of the Commonwealth of Kentucky which shall be a public body corporate and politic. The corporation shall be deemed a public agency within the meaning of KRS 61.805 and 61.870. The corporation shall be managed in such a manner that enables the people of the Commonwealth to benefit from its actions and to enjoy the best possible racing and gaming experiences. The General Assembly hereby recognizes that the operations of racing and gaming are unique activities for state government and that a corporate structure will best enable racing and gaming to be managed in a businesslike manner. It is the intent of the General Assembly that the Kentucky Horse Racing and Gaming Corporation shall be accountable to the Governor, the General Assembly, and the people of the Commonwealth.
- (2)
 - (a)
 - 1. The Auditor of Public Accounts shall perform an ~~annual~~ audit of the corporation **once every four (4) years**, a copy of which shall be sent to the Governor and the Legislative Research Commission.
 - 2. ***A different auditing entity that is qualified to evaluate municipal corporations shall conduct an annual audit of the corporation once each year in every year when the Auditor of Public Accounts does not perform an audit. A copy of this audit shall be sent to the Governor and Legislative Research Commission.***
 - 3. ***This first audit conducted under this subsection shall cover fiscal year 2026-2027.***
 - (b) The corporation shall submit a written annual report to the Governor and the Legislative Research Commission on or before July 1 of each year. The first report shall be due July 1, 2025. The corporation shall file any additional reports requested by the Governor or the Legislative Research Commission. The annual report shall include the following information:
 - 1. The receipts and disbursements of the corporation; and
 - 2. Actions taken by the corporation.
 - (c) The corporation may submit any additional information and recommendations that the corporation considers useful or that the Governor or the Legislative Research Commission requests.
- (3) The Kentucky Horse Racing and Gaming Corporation shall be administered by a board of directors to regulate the conduct of:
 - (a) Live horse racing;
 - (b) Pari-mutuel wagering;
 - (c) Sports wagering;
 - (d) Charitable gaming on and after July 1, 2025;
 - (e) Breed integrity and development; and
 - (f) Related activities within the Commonwealth of Kentucky.

- (4) (a) The corporation shall establish and maintain a general office for the transaction of its business and may, in its discretion, establish a branch office or offices.
- (b) The corporation may hold meetings at any of its offices or at any other place at its convenience.
- (c) A majority of the voting members of the corporation shall constitute a quorum for the transaction of its business or exercise of any of its powers.
- (5) Except as otherwise provided, the corporation shall be responsible for the following:
- (a) Developing and implementing programs designed to ensure the safety and well-being of horses, jockeys, and drivers;
- (b) Developing programs and procedures that will ~~aggressively~~ fulfill its oversight and regulatory role on such matters as medical practices and integrity issues;
- (c) Recommending tax incentives and implementing incentive programs to ensure the strength and growth of the equine industry;
- (d) Designing and implementing programs that strengthen the ties between Kentucky's horse industry and the state's universities, with the goal of significantly increasing the economic impact of the horse industry on Kentucky's economy, improving research for the purpose of promoting the enhanced health and welfare of the horse, and other related industry issues;
- (e) Developing and supporting programs which ensure that Kentucky remains in the forefront of equine research;
- (f) Designing and implementing programs that support and ensure breed integrity and development;
- (g) Developing monitoring programs to ensure the highest integrity of sporting events and sports wagering;
- (h) Developing a program to share wagering information with sports governing bodies upon which sports wagering may be conducted. The program shall be designed to assist the corporation in determining potential problems or questionable activity and provide reports to sports governing bodies effectively;
- (i) Developing programs and procedures that will ~~aggressively~~ fulfill its oversight and regulatory role to ensure the highest integrity in charitable gaming;
- (j) Developing programs and procedures that will ~~aggressively~~ provide oversight and regulation for all current forms of gaming and wagering;
- (k) *Annually evaluating the allocation and use of funds among the purposes listed in Section 10 of this Act from unredeemed pari-mutuel vouchers;* and**
- ~~(l)(4)~~ Ensuring that the correct responsibilities are assigned to each of its offices as established in KRS 230.232.
- (6) (a) The corporation shall ~~1. —~~ conduct all procurements in accordance with procedures which are not inconsistent with the provisions of KRS Chapter 45A and this chapter; provided, however, that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 45A. ~~1. —~~
- (b) ~~2. —~~ The corporation may** promulgate administrative regulations establishing its procurement procedures. If the corporation elects to promulgate administrative regulations establishing its procurement procedures rather than conduct procurements in accordance with KRS Chapter 45A, the corporation may include sections of KRS Chapter 45A as part of its administrative regulations.
- (c) ~~(b)~~** Major procurements for personal service contracts shall not be subject to the requirements of KRS 45A.695(2)(b) due to the unique operational activities conducted for state government by the corporation. The corporation's procurement procedures or administrative regulations shall be designed to provide for the purchase of supplies, equipment, services, and construction items that provide the greatest long-term benefit to the state and the greatest integrity for the corporation and the public.
- (d) ~~(e)~~** In its bidding and negotiation processes, the corporation may do its own bidding and procurement, or may utilize the services of the Finance and Administration Cabinet, or a combination thereof. The president of the corporation may, in lieu of the secretary of the Finance and Administration Cabinet, declare an emergency for purchasing purposes.

- (7) Corporation records shall be open and subject to public inspection in accordance with KRS 61.870 to 61.884 unless:
- (a) A record is exempted from inspection under KRS 61.878;
 - (b) A record involves a trade secret or other legally protected intellectual property or confidential proprietary information of the corporation or of an applicant, licensee, individual, or entity having submitted information of such character to the corporation, in which case, the portion of the record relating to these subjects may be closed; or
 - (c) The disclosure of the record could impair or adversely affect the operational security of the corporation in the regulation of matters within its jurisdiction or could impair or adversely impact the operational security of applicants or licensees.
- (8) Meetings of the corporation through its board of directors shall be open to the public in accordance with KRS 61.800 to 61.850 unless the exceptions set forth in KRS 61.810 apply or the meeting addresses trade secrets, confidential or proprietary information, or operational security issues as described in subsection (7)(c) of this section. If this is the case, the corporation may meet in closed session and shall follow the procedures set forth in KRS 61.815.
- (9) ***The corporation may participate in all state agency price contracts to the same extent as agencies of the Commonwealth in accordance with KRS 45A.050(3).***
- (10) (a) The corporation is hereby authorized to accept and expend such moneys as may be appropriated by the General Assembly or such moneys as may be received from any source for effectuating its purposes, including without limitation the payment of the initial expenses of administration and operation of the corporation.
- (b) After the transfer to the corporation of any funds appropriated in fiscal year 2024-2025 and fiscal year 2025-2026 for the administration of this chapter and KRS Chapter 238, the corporation shall be self-sustaining and self-funded and moneys in the state general fund shall not be used or obligated to pay the expenses of the corporation.
- ~~(11)(10)~~ On July 1, 2024:
- (a) The Kentucky Horse Racing and Gaming Corporation shall assume all responsibilities of the Kentucky Horse Racing Commission;
 - (b) The Kentucky Horse Racing Commission shall be abolished and all employees of the Kentucky Horse Racing Commission are transferred to the corporation; and
 - (c) All personnel, equipment, and funding shall be transferred from the Kentucky Horse Racing Commission to the Kentucky Horse Racing and Gaming Corporation.
- ~~(12)(11)~~ On July 1, 2025:
- (a) The office regulating charitable gaming in the Kentucky Horse Racing and Gaming Corporation shall assume all responsibilities of the Department of Charitable Gaming;
 - (b) The Department of Charitable Gaming shall be abolished and all employees of the Department of Charitable Gaming are transferred to the corporation; and
 - (c) All personnel, equipment, and funding shall be transferred from the Department of Charitable Gaming to the Kentucky Horse Racing and Gaming Corporation.
- ~~(13)(12)~~ Notwithstanding any other law to the contrary, nothing in this chapter ***or KRS Chapter 238*** shall authorize the corporation to:
- (a) Regulate or control horse sales;
 - (b) Require the licensure of horse breeders in their capacity as breeders;~~[-or]~~
 - (c) ***Prohibit or restrict any approved, either by statute or administrative regulation, game or charitable gaming activity in use in the Commonwealth as of July 1, 2025, without action by the Kentucky General Assembly; or***
 - (d) Exercise jurisdiction over matters within the exclusive national authority of entities designated by the laws of the United States of America.

➔ Section 4. KRS 230.227 is amended to read as follows:

- (1) (a) The affairs and responsibilities of the corporation shall be administered by a board of directors composed of ***seventeen (17)***~~fifteen (15)~~ members. All ***seventeen (17)***~~fifteen (15)~~ members shall be appointed by the Governor.
 - (b) The Governor shall appoint a chair and vice chair of the board, subject to the advice and consent of the Senate. A chair or vice chair appointed when the Senate is not in session shall serve only until the next regular session, or special session if such matter is included in the call therefor of the General Assembly, at which time the chair or vice chair shall be subject to confirmation by the Senate. If the Senate is not in session, the appointments shall be subject to review by the Interim Joint Committee on State Government, which shall hold a public hearing and shall transmit its recommendations to the Senate. If the Senate refuses to confirm the chair or vice chair, then the chair or vice chair shall forfeit the office as of the date on which the Senate refuses to confirm the chair or vice chair.
 - (c) Members of the board appointed by the Governor shall serve a term of four (4) years ***unless a member is removed, except the initial appointments under subsection (6)(c) of this section shall be as follows:***~~as otherwise provided in this section~~
 1. ***Two (2) year terms shall be served by:***
 - a. ***The five (5) members appointed under subsection (2)(b)2., 4., 6., 8., and 11.;***
 - b. ***Two (2) appointees under subsection (2)(b)1.;***
 - c. ***One (1) appointee under subsection (2)(b)5.; and***
 - d. ***One (1) appointee under subsection (2)(b)9.; and***
 2. ***Three (3) year terms shall be served by:***
 - a. ***The three (3) members appointed under subsection (2)(b)3., 7., and 10.;***
 - b. ***One (1) appointee under subsection (2)(b)1.;***
 - c. ***Two (2) appointees under subsection (2)(b)5.; and***
 - d. ***Two (2) appointees under subsection (2)(b)9.***
- (2) For appointments of the board of directors:
- (a) Any member appointed to fill a vacancy occurring other than by expiration of a term shall be appointed for the remainder of the unexpired term; and
 - (b) In making appointments, the Governor shall appoint members who meet the following qualifications:
 1. Three (3) members who represent the Thoroughbred industry~~:-~~
 - a. ~~One (1) member shall serve a one (1) year term, with any subsequent terms lasting four (4) years;~~
 - b. ~~One (1) member shall serve a two (2) year term, with any subsequent terms lasting four (4) years; and~~
 - c. ~~One (1) member shall serve a three (3) year term, with any subsequent terms lasting four (4) years;~~
 2. One (1) member who represents the standardbred industry;
 3. One (1) equine veterinarian who currently practices with race horses;
 4. One (1) member shall be selected based on his or her training and experience in the fields of investigation and law enforcement;
 5. Three (3) experts in the gaming industry, with knowledge about the technical and logistical sides of the wagering experience. At least one (1) of these experts shall have expertise in the technical and logistical sides of pari-mutuel wagering on previously run horse races;
 6. One (1) expert in the operational aspects of the horse industry, with particular knowledge of horse breeding;

7. One (1) expert in the operational aspects of the horse industry, with particular knowledge of horse racing;
 8. One (1) horse trainer licensed under this chapter;
 9. **Three (3)**~~Two (2)~~ charitable gaming representatives;~~and~~
 10. **One (1) member who represents the quarter horse industry; and**
 11. One (1) at-large member with no financial interest in the business or industry regulated.
- (3) (a) A member of the board of directors, by himself or herself or through others, shall not knowingly:
1. Use or attempt to use the member's influence in any manner which involves a substantial conflict between his or her personal or private interest and the member's duties to the corporation;
 2. Use or attempt to use any means to influence the corporation in derogation of the corporation;
 3. Use the member's official position or office to obtain financial gain for himself or herself, or any spouse, parent, brother, sister, or child of the director; or
 4. Use or attempt to use his or her official position to secure or create privileges, exemptions, advantages, or treatment for the member or others in derogation of the interests of the corporation or of the Commonwealth.
- (b) A director shall not appear before the board or the corporation in any manner other than as a director.
- (c) A director shall abstain from action on an official decision in which he or she has or may have a personal or private interest, and shall disclose the existence of that personal or private interest in writing to each other member of the board on the same day on which the director becomes aware that the interest exists or that an official decision may be under consideration by the board. This disclosure shall cause the decision on these matters to be made in a meeting of the members of the board who do not have the conflict from which meeting the director shall be absent and from all votes on which matters the director shall abstain.
- (d) In determining whether to abstain from action on an official decision because of a possible conflict of interest, a director shall consider the following guidelines:
1. Whether a substantial threat to the director's independence of judgment has been created by his or her personal or private interest;
 2. The effect of the director's participation on public confidence in the integrity of the corporation and of racing and gaming;
 3. Whether the director's participation is likely to have any significant effect on the disposition of the matter;
 4. The need for the director's particular contribution, such as special knowledge of the subject matter, to the effective functioning of the corporation; and
 5. Whether the official decision will affect the director in a manner differently from the public, or will affect him or her as a member of a business, profession, occupation, or group to no greater extent generally than other members of the director's business, profession, occupation, or group.
- Any director may request a vote of the disinterested members of the board on whether any director shall abstain from action on an official decision.
- (e) A director shall not knowingly disclose or use confidential information acquired in the course of his or her official duties in order to further the director's own economic interests, or those of any person.
- (f) A director shall not knowingly receive, directly or indirectly, any interest or profit arising from the use or loan of corporation funds or funds to be raised through the corporation.
- (g) A director shall not knowingly accept compensation, other than that provided in this section for directors, for performance of his or her official duties.
- (h) A present or former director shall not, within one (1) year following termination of the director's membership on the board, accept employment, compensation, or other economic benefit from any person or business that contracts or does business with the corporation in matters in which he or she

was directly involved during the director's tenure. This provision shall not prohibit an individual from continuing in the same business, firm, occupation, or profession in which he or she was involved prior to becoming a director, provided that, for a period of one (1) year following termination of his or her position as a director, the director personally refrains from working on any matter in which the director was directly involved as a director. A director's involvement in an official decision or other action of the corporation impacting a broad class of persons or entities, and affecting the director to no greater extent generally than the members of the class, shall not prohibit the director's employment or engagement as a member of the class for any period after service as a director.

- (i) A director, or a spouse, child, brother, sister, or parent of that director shall not have a financial interest of more than five percent (5%) of the total value of any vendor, other supplier of goods or services to the corporation, ~~retailer,~~ or related entity. The corporation shall provide each member of the board with a list of all current vendors, which shall be updated on at least a quarterly basis.
- (4) The board of directors shall ~~provide the president with private sector perspectives on the operation of a large marketing enterprise. The board shall:~~
 - (a) Approve, disapprove, amend, or modify the budget recommended by the president for the operation of the corporation;
 - (b) Approve, disapprove, amend, or modify the terms of major procurements recommended by the president;
 - (c) ~~Serve as a board of appeal for any denial, revocation, or cancellation by the president of a contract with a retailer;~~
 - ~~(d)~~ **Determine whether to recommend** ~~promulgate~~ administrative regulations to carry out and implement its powers and duties, the operation of the corporation, the conduct of live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, and any other matters necessary or desirable for the efficient and effective operation of the corporation or convenience of the public; ~~and~~
 - ~~(d)(e)~~ Review the performance of the corporation and:
 - 1. Advise the president and make recommendations to him or her regarding operations of the corporation;
 - 2. Identify potential improvements in this chapter, the administrative regulations of the corporation, and the management of the corporation; and
 - 3. Request from the corporation any information the board determines to be relevant to its duties; **and**
 - (e) Provide the president with private-sector perspectives on the operation of a racing and gaming enterprise.**
- (5) In all other matters, the board shall advise and make recommendations.
- (6) (a) The initial members of the board shall be the members of the Kentucky Horse Racing Commission serving as of July 1, 2024. Those members shall continue to serve as board members of the corporation for two (2) additional years until July 1, 2026. **The initial three (3) board members of the corporation who are charitable gaming representatives shall be appointed on or after the effective date of this section to serve until July 1, 2026.**
 - (b) Any board member vacancy that occurs between July 1, 2024, and July 1, 2026, shall be filled by appointment for the remainder of that time period. An appointment of the chair or vice chair created by a vacancy between July 1, 2024, and July 1, 2026, shall require confirmation of the appointment by the Senate as provided in KRS 11.160 and subsection (1) of this section.
 - (c) Beginning on July 1, 2026, board members shall be appointed for **initial and** regular terms in accordance with this section.
- (7) (a) Members of the board shall receive no compensation for serving on the board, but shall be reimbursed for travel expenses for attending meetings and performing other official functions consistent with the reimbursement policy for state employees established by KRS 45.101 and administrative regulations promulgated thereunder.

- (b) The vice chair may act in the absence of the chair.
- (c) Before entering upon the discharge of their duties, all members of the board of directors of the Kentucky Horse Racing and Gaming Corporation shall take the constitutional oath of office.
- (8) (a) All persons appointed to the corporation shall be of good moral character and shall not have been convicted of, or under indictment for, a felony in Kentucky, in any other state, in federal court, or in a foreign country.
- (b) A board member of the corporation, or any family member of a member of the corporation, at the time of appointment or during the member's tenure on the corporation, shall not be a member of the legislature, a person holding any elective office in the state government, or any officer or official of any political party.
- (9) Each appointed board member of the corporation shall be required to undergo a national and state criminal background investigation. The criminal background investigation shall be by means of a fingerprint check by the Department of Kentucky State Police or equivalent state police body in the member's home state and the Federal Bureau of Investigation, pursuant to the following requirements:
 - (a) The member shall provide his or her fingerprints to the Department of Kentucky State Police, or equivalent state police body in the member's home state, for submission to the Federal Bureau of Investigation after a state criminal background check is conducted;
 - (b) The results of the national and state criminal background check shall be sent to the corporation;
 - (c) The corporation shall be prohibited from releasing any criminal history record information to any private or public entity, or authorizing receipt by such private or public entity; and
 - (d) Any fee charged by the Department of Kentucky State Police or the Federal Bureau of Investigation shall be an amount no greater than the actual cost of processing the request and conducting the background check. The corporation may charge this fee to the member.
- (10) (a) The Governor may remove any board member for misfeasance, malfeasance, or nonfeasance in office.
- (b) The removal may be made after the member has been served with a copy of the charges against him or her and the member has a public hearing, if requested.
- (c) The member charged may request a public hearing. The request shall be in writing and shall be submitted to the Governor's office within ten (10) days of the service of charges upon the member.
- (d) If a public hearing is timely requested, the hearing shall be held before a hearing officer appointed by the Governor. The hearing officer shall make findings of fact and conclusions of law based upon the record of the hearing, and shall provide the Governor with a recommendation for action. The Governor's final decision, after recommendation by the hearing officer, may be appealed to the Circuit Court of the county in which the cause of action arose.
- (11) Members of the board of directors shall be subject to all applicable provisions of KRS Chapter 11A, ***except that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 11A.***
- (12) The provisions of KRS Chapters 18A and 64 shall not apply to the board, president, managers, or staff of the corporation.

➔Section 5. KRS 230.230 is amended to read as follows:

- (1) The Governor shall appoint a president, who shall act as chief executive officer of the corporation, from a list of ***up to*** three (3) names provided by the board of directors of the corporation. The president ***may be removed by the board of directors***~~[shall serve at the pleasure of the Governor]~~. The president shall have the powers and duties described in this section and other duties directed or prescribed by the corporation.
- (2) The president shall be compensated at a level determined by the board.
- (3) The president shall have proven successful experience for a period of at least five (5) years at the management level in horse racing or gaming.
- (4) The president shall conduct the day-to-day operations of the corporation for the purpose of carrying out the policies and procedures of this chapter and the board. The duties of the president include but are not limited to:

- (a) Administering and supervising all operations of the corporation in accordance with the direction of the board and administrative regulations promulgated by the **corporation**~~board~~;
- (b) 1. Preparing, submitting, and recommending to the board a proposed **annual**~~biennial~~ budget of the corporation covering the operations of the corporation and, upon approval, submitting the budget, financial status, and actuarial condition of the corporation to the Governor and the General Assembly for their examination; and
 - 2. With the approval of the board, amending or modifying the budget at any time in any manner deemed necessary for the proper operation of the corporation;
- (c) Directing and controlling all expenditures of the approved budget;
- (d) Recommending to the board and administering a system of personnel administration that includes benefits, grievance procedures, training, and compensation;
- (e) Preparing and administering fiscal, payroll, accounting, data processing, and procurement procedures for the operation of the corporation;
- (f) Recommending to the board bylaws and uniform procedures for the management of the corporation;
- (g) Within the limitations of the budget, employing necessary personnel in accordance with the personnel policies of the board;
- (h) Maintaining appropriate levels of property, casualty, and liability insurance as approved by the board to protect the president, managers, employees, and assets of the corporation;
- (i) Attending meetings of the board or appointing a designee to attend on his or her behalf;
- (j) Preparing annual reports of the corporation's program of work; and
- (k) Performing all other duties and responsibilities required by law.
- (5) (a) The president may hire a chief operating officer for the corporation.
- (b) The president shall hire a chief financial officer for the corporation, who shall:
 - 1. **Have a bachelor's degree in business, accounting, finance, or other relevant field;**~~a. Be a certified public accountant licensed by the Commonwealth of Kentucky or by another state; or~~
~~b. Be a public accountant qualified to practice public accounting under KRS Chapter 325; and~~
 - 2. ~~a. Have at least ten (10) [five (5)] years of progressively responsible~~ experience **working in finance and**~~general~~ accounting, **with at least five (5) years in senior level management;**
 - 3. **Possess**~~and a~~ comprehensive knowledge of the principles and practices of corporate finance; ~~and~~~~or~~
 - 4.~~b.~~ Possess the qualifications of an expert in the fields of corporate finance, auditing, general finance, gaming, or economics.
- (6) The president shall give an official bond in an amount and with sureties approved by the board. The premium for the bond shall be paid by the corporation.
- (7) Following the president's **appointment**~~confirmation~~, and during his or her entire term of office, the president shall reside in Kentucky.
- (8) The president and the board may conduct an ongoing study of the operation and administration of racing and gaming in other states or countries, of available literature on the subject, of federal laws and regulations which may affect the operation of the corporation, and of the reaction of citizens of this state to existing or proposed racing and gaming, with a view toward implementing improvements that will tend to serve the purposes of this chapter and, on and after July 1, 2025, KRS Chapter 238.
- (9) The president may:
 - (a) Require bond from corporate employees with access to corporate funds or racing or gaming funds, in an amount promulgated in the administrative regulations of the **corporation**~~board~~. The president may also require bond from other employees; and
 - (b) For good cause, suspend, revoke, or refuse to renew any contract entered into in accordance with:

1. This chapter;
 2. On and after July 1, 2025, KRS Chapter 238; or
 3. The administrative regulations of the **corporation**~~board~~.
- (10) The president shall be subject to all applicable provisions of KRS Chapter 11A, ***except that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 11A.***

➔Section 6. KRS 230.232 is amended to read as follows:

- (1) The president of the Kentucky Horse Racing and Gaming Corporation shall establish offices within the corporation. Each office shall have specific duties assigned by the president. Topics addressed by the offices shall include but not be limited to the following:
 - (a) Pari-mutuel wagering;
 - (b) Live horse racing;
 - (c) Breed development and integrity;
 - (d) Sports wagering;
 - (e) Licensing, compliance, and investigations; and
 - (f) Charitable gaming.
- (2) Each office shall be led by an office manager, and the president shall appoint the manager of each office.
- (3) Each office may propose the promulgation of administrative regulations related to its area of jurisdiction, but the corporation shall have final authority to promulgate administrative regulations under this chapter and on and after July 1, 2025, final authority to promulgate administrative regulations under KRS Chapter 238.
- (4) ***The Office of Charitable Gaming shall be responsible for making formal recommendations to the president on the following matters:***
 - (a) ***Advancement of legal charitable gaming in the Commonwealth;***
 - (b) ***Recommendations to ensure the highest integrity of charitable gaming activities and that Kentucky advances lawful charitable gaming;***
 - (c) ***Recommending programs and policy changes to ensure the strength and growth of charitable gaming and the charitable gaming industry; and***
 - (d) ***Monitor and analyze charitable organizations and technology needs of the charitable gaming industry to determine how best to satisfy those needs.***

➔Section 7. KRS 230.234 is amended to read as follows:

- (1) (a) Notwithstanding any provision of KRS 61.520 to the contrary, the corporation shall participate in the Kentucky Employees Retirement System effective July 1, 2024, and all eligible employees shall participate in the Kentucky Employees Retirement System effective July 1, 2024.
- (b) Notwithstanding any provision of KRS 18A.205 to 18A.275 to the contrary, employees of the corporation shall be:
 1. Provided the same health insurance coverage as all other state government employees as provided in KRS 18A.225 to 18A.2287;
 2. Provided the same life insurance coverage provided all state employees as provided in KRS 18A.205 to 18A.220; and
 3. Eligible to participate in the deferred compensation system provided for all state government employees as provided in KRS 18A.230 to 18A.275.
- (c) The Personnel Cabinet and the Kentucky Public Pensions Authority shall assist in the transfer of employees of the Kentucky Horse Racing Commission to the corporation by July 1, 2024, and the Department of Charitable Gaming to the corporation by July 1, 2025.

- (2) A manager or employee of the corporation shall not have a financial interest in any vendor doing business or proposing to do business with the corporation.
- (3) ~~A manager or employee of the corporation with decision making authority shall not participate in any decision involving a retailer with whom the manager or employee has a financial interest of five percent (5%) or more of the total value thereof.~~
- (4) ~~A manager or employee of the corporation who leaves the employ of the corporation shall not represent any vendor, retailer, or related entity before the corporation for a period of two (2) years following termination of employment with the corporation.~~
- (5) A background investigation shall be conducted on every applicant who has reached the final selection process prior to employment by the corporation. Applicants may be fingerprinted as a condition of employment. In addition, all office managers of the corporation and employees of the corporation performing duties primarily related to security matters, prior to employment, shall be subject to a background investigation report conducted by the Department of Kentucky State Police. The Department of Kentucky State Police shall be reimbursed by the 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.
- (4)(6) (a) Employees of the corporation shall be subject to all applicable provisions of KRS Chapter 11A, ***except that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 11A.***

(b) ***Employees of the corporation shall not be subject to the provisions of KRS Chapters 18A and 64.***

➔ Section 8. KRS 230.240 is amended to read as follows:

- (1) (a) ~~[In addition to the employees referred to in KRS 230.230,]~~The president of the corporation may employ, dismiss, or take other personnel action and determine the reasonable compensation of stewards, ~~[supervisors of mutuels, supervisors of sports wagering,]~~ veterinarians, inspectors, ~~[accountants, security officers,]~~ and ***persons not otherwise identified in KRS Chapter 230 or 238*** ~~[other employees]~~ deemed by the president 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 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 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.]~~
- (e) The corporation, for the purpose of maintaining integrity and honesty in racing, ***may*** ~~[shall]~~ prescribe by administrative regulation the powers and duties of the persons employed under this section and

qualifications necessary to competently perform their duties. In addition, the corporation shall be responsible for seeing that racing officials employed under the provisions of this section have adequate training to perform their duties in a competent manner.

- (2) (a) The corporation ~~may~~~~shall~~ promulgate administrative regulations for effectively preventing the use of improper devices at race meetings or in the conduct of sports wagering, and restricting or prohibiting the use and administration of drugs or stimulants or other improper acts to horses prior to the horse participating in a race.
- (b) The corporation may acquire, operate, and maintain, or contract for the maintenance and operation of, a testing laboratory and related facilities, for the purpose of saliva, urine, or other tests, and to purchase supplies and equipment for and in connection with the laboratory or testing processes.
- (c) The expense of the laboratory or other testing processes, whether furnished by contract or otherwise, together with all supplies and equipment used in connection therewith, shall be paid by the various associations licensed under this chapter in the manner and in proportions as the corporation ~~may~~~~shall~~ by administrative regulation provide.
- (3) (a) The expenses of the corporation and the compensation of all employees referred to in this section shall be paid by the licensee conducting a horse race meeting or pari-mutuel wagering on live or historic horse racing, provided that the expenses of the corporation and the compensation of employees under this section related to administering the system of sports wagering shall be paid by the sports wagering administration fund established in KRS 230.817.
- (b) ~~The salary of the president to the corporation shall be prorated among and paid by the various persons licensed under this chapter in the manner as the corporation shall, by administrative regulation, provide.~~
- (c) ~~Except for the Thoroughbred steward and the standardbred judge authorized in subsection (1) of this section, the employees referred to in this section shall be deemed employees of the corporation, and are~~ paid by the licensee or association.
- (4) Each person, as a condition precedent to the privilege of receiving a license under this chapter to conduct a horse race meeting, shall be deemed to have agreed to pay expenses and compensation as provided in this section and as may be actually and reasonably incurred.

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

The state budget director, the secretary of the Finance and Administration Cabinet, the Department of Revenue, and the State Treasurer shall transfer to the corporation all existing moneys, including carry forward balances and interest, by June 30, 2025, and any future receipts shall be dispersed to the following corporate accounts:

- (1) *Kentucky Thoroughbred development fund;*
- (2) *Kentucky quarter horse development fund;*
- (3) *Kentucky quarter horse purse fund;*
- (4) *Kentucky paint horse, Appaloosa, and Arabian development fund;*
- (5) *Kentucky paint horse, Appaloosa, and Arabian purse fund;*
- (6) *Kentucky standardbred development fund;*
- (7) *Kentucky Thoroughbred breeders incentive fund;*
- (8) *Kentucky standardbred breeders incentive fund;*
- (9) *Kentucky horse breeders incentive fund;*
- (10) *Kentucky Racing Health and Welfare Fund, Inc.;*
- (11) *Harness racing at county fairs under KRS 230.398;*
- (12) *Backside improvement fund;*
- (13) *Kentucky Thoroughbred Owners and Breeders, Inc. under KRS 230.380;*
- (14) *Kentucky horse racing and gaming administration fund;*

- (15) *Thoroughbred, standardbred, and American quarter horse aftercare facilities under subsection (1)(d)4.d.i. of Section 33 of this Act;*
- (16) *Kentucky equine management internship under subsection (1)(d)4.d.ii. of Section 33 of this Act;*
- (17) *Equine drug research fund; and*
- (18) *Charitable gaming regulatory account.*

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

Notwithstanding any law to the contrary:

- (1) *All funds from unredeemed pari-mutuel vouchers presumed abandoned under Section 42 of this Act shall be deemed property of the licensed association. All licensed associations shall report to the corporation by December 31 of each year their use of funds from unredeemed pari-mutuel vouchers. The funds from unredeemed pari-mutuel vouchers shall be used in the following manner:*
 - (a) *For Thoroughbreds, standardbreds, quarter horses, paint horses, Appaloosas, or Arabian horses by using:*
 - 1. *Twenty-five percent (25%) for the administration and regulation of live horse racing; and*
 - 2. *Sixty-five percent (65%) for health, safety, or track and facility improvements, at a licensed track in Kentucky, and:*
 - a. *As a condition for using moneys under this subparagraph, a licensed association shall agree to comply with any requirements that the corporation determines;*
 - b. *The moneys used under this subparagraph shall be used for health and safety improvements, as well as construction projects, including without limitation, barns, living quarters, kitchens, dormitories, and recreational areas; and*
 - c. *A licensed association may agree to a transfer of these moneys to another licensed association or track with the approval of the corporation; and*
 - (b) *By transferring ten percent (10%) to the corporation to be deposited in the Kentucky problem gambling assistance account established by KRS 230.826; and*
- (2) *All funds held by a licensed track from unredeemed pari-mutuel vouchers:*
 - (a) *Issued at least one (1) year prior to the effective date of this section shall be deemed property of the licensed track; and*
 - (b) *Shall be separated, maintained, and used in the manner provided in this section.*

➔ **Section 11.** KRS 230.3771 is amended to read as follows:

- (1) A Thoroughbred track licensed to conduct Thoroughbred racing may receive interstate simulcasts of Thoroughbred, quarter horse, paint horse, Appaloosa, and Arabian horse races, and conduct interstate wagering thereon, subject to the following limitations:
 - (a) A Thoroughbred receiving track may receive interstate simulcasts of Thoroughbred races and conduct interstate wagering thereon at any time of day and during any live Thoroughbred horse race meet conducted in the Commonwealth of Kentucky so long as the Thoroughbred receiving track conducting interstate wagering remits to the Thoroughbred host track conducting a live meet, from the first awarded day of its live meet through the last awarded day of the same live meet, the amounts provided in paragraph (j) of this subsection.
 - (b) A Thoroughbred host track which receives interstate simulcasts and conducts interstate wagering thereon during the period of time from the first awarded day of its live meet through the last awarded day of its live meet shall offer the simulcasts to all Thoroughbred receiving tracks, all harness tracks not subject to the provisions of KRS 230.377(2), and all simulcast facilities through the intertrack wagering system.
 - (c) Except as otherwise prohibited by law, a receiving track shall conduct intertrack wagering on all live races of all Thoroughbred host tracks on any day on which it receives an interstate simulcast for the purpose of conducting interstate wagering.
 - (d) No host track shall require that any receiving track or simulcast facility receive the interstate simulcast.

- (e) If more than one (1) Thoroughbred track conducts live racing at the same time on the same day, no track or simulcast facility may receive an interstate simulcast of Thoroughbred races unless all Thoroughbred tracks conducting live racing at the same time of day agree upon all interstate simulcasts to be received and the division of the Thoroughbred host track's commission. If more than one (1) Thoroughbred track conducts live racing at different times on the same day, the Thoroughbred host track with the highest average daily handle, based on the preceding year, shall be the host track for purposes of splitting the commissions earned on interstate wagering at receiving tracks within the Commonwealth. For purposes of this subsection, average daily handle includes live handle, intertrack wagering handle, and simulcast facility handle. Also for purposes of this subsection, the time of day during which a host track conducts live racing commences with its first published post time and concludes ten (10) minutes after the published post time of its last race of the day, regardless of actual post times.
- (f) Each Thoroughbred track which desires to conduct interstate wagering pursuant to the provisions of this subsection shall during each year make application to the corporation for no less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 and one hundred percent (100%) of the number of races scheduled to be run by the track in 1993.
- (g) Notwithstanding paragraph (f) of this subsection, any Thoroughbred track may apply for less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 or one hundred percent (100%) of the number of races scheduled to be run by the track in 1993, if written approval is obtained from the Kentucky Horsemen's Benevolent and Protective Association and the Kentucky Thoroughbred Owners and Breeders Association, Inc.
- (h) A separate accounting on all interstate simulcasting shall be submitted to the corporation. The accounting shall be submitted in the same format and at the same time that the report for intertrack wagering is submitted.
- (i) If the only simulcast or simulcasts a track participating as a host track makes available for interstate wagering through this state's intertrack wagering system on any race day are Thoroughbred horse races designated as graded stakes races by the Graded Stakes Committee of the Thoroughbred Owners and Breeders Association, Inc., then the commission of the receiving track on these interstate wagers shall be split as prescribed by KRS 230.378(3); otherwise, the commission of the receiving track shall be split as prescribed by paragraph (j) of this subsection. Interstate simulcasts received by a Thoroughbred host track under the conditions set forth in this paragraph shall not be subject to the conditions set forth in paragraphs (b), (c), (e), and (f) of this subsection.
- (j) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:
 - 1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;
 - 2. Twenty-five percent (25%) to the Thoroughbred host track designated by paragraphs (a) and (e) of this subsection. However, if the race does not occur between the first awarded day of a live meet and the last awarded day of the same live meet, an additional twenty-five percent (25%) shall be retained by the receiving track where the interstate wagering occurs;
 - 3. Twenty-five percent (25%) to the purse program of the receiving track where the interstate wagering occurs; and
 - 4. Twenty-five percent (25%) to the purse program of the Thoroughbred host track designated by paragraphs (a) and (e) of this subsection. However, if the race does not occur between the first awarded day of a live meet and the last awarded day of the same live meet, then an additional twenty-five percent (25%) shall be paid to the purse program of the receiving track where the interstate wagering occurs.
- (k) A simulcast facility's commission on interstate wagering on Thoroughbred racing, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as provided in KRS 230.380(9).

- (2) A harness track licensed to conduct harness racing may receive interstate simulcasts of harness horse, quarter horse, paint horse, Appaloosa, and Arabian horse races and conduct interstate wagering thereon subject to the following limitations:
- (a) A harness receiving track may receive interstate simulcasts of harness races, quarter horse races, paint horse races, Appaloosa races, and Arabian horse races, and conduct interstate wagering thereon at any time of day and during the course of any live harness horse race meet conducted in the Commonwealth of Kentucky so long as the harness receiving track conducting interstate wagering remits to the harness host track conducting a live meet, from the first awarded day of its live meet through the last awarded day of the same live meet, the amounts provided in paragraph (j) of this subsection.
 - (b) A harness host track which receives an interstate simulcast and conducts interstate wagering thereon during its live race meet shall offer the simulcasts to all Thoroughbred receiving tracks not subject to the provisions of KRS 230.377(2), all harness tracks, and all simulcast facilities through the intertrack wagering system.
 - (c) Except as otherwise prohibited by law, a harness receiving track or a simulcast facility shall conduct intertrack wagering on all live races of a harness host track on any day it receives an interstate simulcast from a harness host track.
 - (d) No host track shall require that any receiving track or simulcast facility receive the interstate simulcast.
 - (e) If more than one (1) harness track conducts live racing at the same time on the same day, no track or simulcast facility may receive an interstate simulcast on harness races unless all harness tracks conducting live racing at that time of day agree upon the interstate simulcast to be received and the division of the harness host track's commission. If more than one (1) harness track conducts live racing at different times on the same day, the harness host track with the highest average daily handle, based on the preceding year, shall be the host track for purposes of splitting the commissions earned on interstate wagering at receiving tracks within the Commonwealth. For purposes of this subsection, average daily handle includes live handle, intertrack wagering handle, and simulcast facility handle. Also for purposes of this subsection, the time of day during which a host track conducts live racing commences with its first published post time and conclude ten (10) minutes after the published post time of its last race of the day, regardless of actual post times.
 - (f) Each harness track which desires to conduct interstate wagering pursuant to the provisions of this subsection shall during each year make application to the corporation for no less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 and one hundred percent (100%) of the number of races scheduled to be run by the track in 1993.
 - (g) Notwithstanding paragraph (f) of this subsection, any harness track may apply for less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 or one hundred percent (100%) of the number of races scheduled to be run by the track in 1993, if written approval is obtained from the Kentucky Harness Horsemen's Association, or its successor.
 - (h) A separate accounting on all interstate simulcasting shall be submitted to the corporation. This accounting shall be submitted in the same format and at the same time that the report for intertrack wagering is submitted.
 - (i) If the only simulcast or simulcasts a track participating as a harness host track makes available for interstate wagering through this state's intertrack wagering system on any race day are harness horse races (both final and elimination) having a final purse in excess of seventy-five thousand dollars (\$75,000), then the commission of the receiving track on these interstate wagers shall be split as prescribed by KRS 230.378(3); otherwise, the commission of the receiving track shall be split as prescribed by paragraph (j) of this subsection. Interstate simulcasts received by a harness host track under the conditions set forth in this paragraph shall not be subject to the conditions set forth in paragraphs (b), (c), (e), and (f) of this subsection.
 - (j) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:
 - 1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;

2. Twenty-five percent (25%) to the harness host track designated by paragraphs (a) and (e) of this subsection. However, if no live meet is occurring, an additional twenty-five percent (25%) shall be retained by the receiving track where the interstate wagering occurs;
 3. Twenty-five percent (25%) to the purse program of the receiving track where the interstate wagering occurs; and
 4. Twenty-five percent (25%) to the purse program of the harness host track designated by paragraphs (a) and (e) of this subsection. However, if no live meet is occurring, an additional twenty-five percent (25%) shall be paid to the purse program of the receiving track where the interstate wagering occurs.
- (k) A simulcast facility's commission on interstate wagering on harness races, after deduction of applicable taxes and any amount required to be paid by contract to the track from which the interstate simulcast originated, shall be split as provided in KRS 230.380(9).
- (3) A harness track may only receive interstate simulcasts of Thoroughbred horse races and conduct interstate wagering thereon as provided in subsection (1)(b) of this section. A Thoroughbred track may only receive interstate simulcasts of harness horse races and conduct interstate wagering thereon as provided in subsection (2)(b) of this section. A simulcast facility may only receive interstate simulcasts of Thoroughbred and harness horse races and conduct interstate wagering thereon as provided in subsections (1)(b) and (2)(b) of this section.
- (4) (a) A Thoroughbred track licensed to conduct horse racing may receive interstate simulcasts of quarter horse, paint horse, Appaloosa, and Arabian horse races and conduct interstate wagering thereon, subject to the limitations stated in paragraph (b) of this subsection.
- (b) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:
1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;
 2. Twenty-five percent (25%) to the host track; and
 3. ***Consistent with the horse breed participating in the race:***
 - a. Fifty percent (50%) to the Kentucky~~[- quarter horse,]~~ paint horse, Appaloosa, and Arabian purse fund established by KRS 230.446 to supplement purses for~~[- quarter horse,]~~ paint horse, Appaloosa, and Arabian horse races in this state; **or**
 - b. ***Fifty percent (50%) to the Kentucky quarter horse purse fund established by Section 14 of this Act to supplement purses for quarter horse races in this state.***
- (5) (a) A harness track licensed to conduct horse racing may receive interstate simulcasts of quarter horse, paint horse, Appaloosa, and Arabian horse races and conduct interstate wagering thereon, subject to the limitations stated in paragraphs (b),~~[- and]~~ (c), **and (d)** of this subsection.
- (b) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:
1. Twenty-five percent (25%) to the purse program of the receiving track;
 2. Twenty-five percent (25%) to the purse program of the host track;
 3. Twenty-five percent (25%) to the receiving track; and
 4. Twenty-five percent (25%) to the host track.
- (c) When a~~[- quarter horse,]~~ paint horse, Appaloosa, or Arabian horse race is run at a Kentucky race track, the commission to the Kentucky~~[- quarter horse,]~~ paint horse, Appaloosa, and Arabian purse fund established by KRS 230.446 shall be twenty-two percent (22%) from the host track's purse share.
- (d) ***When a quarter horse race is run at a Kentucky race track, the commission to the Kentucky quarter horse purse fund established by Section 14 of this Act shall be twenty-two percent (22%) from the host track's purse share.***

- (6) Other provisions of the Kentucky Revised Statutes notwithstanding, any track in a geographic area that contains more than one (1) track within a fifty (50) mile radius of any other track may only receive interstate simulcasts on racing of the same breed of horse as the track was licensed to race on or before July 15, 1998, except any track may receive interstate simulcasts on quarter horse, paint horse, Appaloosa, or Arabian horse races.

➔ Section 12. KRS 230.400 is amended to read as follows:

- (1) (a) There is hereby created a **corporate**~~[trust and agency]~~ account for the Kentucky Horse Racing and Gaming Corporation, designated as the Kentucky Thoroughbred development fund, consisting of moneys allocated to the fund under the provisions of KRS 138.510, together with other moneys contributed to or allocated to the fund from all other sources.
- (b) Moneys to the credit of the Kentucky Thoroughbred development fund shall be transferred in the following order:
1. One hundred thousand dollars (\$100,000) each fiscal year to the Kentucky problem gambling assistance account established in KRS 230.826; and
 2. Remaining moneys to the Kentucky Horse Racing and Gaming Corporation **to be divided as follows:**
 - a. **At least ninety percent (90%) shall be allocated within Kentucky as set forth in this section; and**
 - b. **Up to ten percent (10%) for administration and operation of the corporation**~~[for the purposes specified in this section]~~.
- (c) Moneys from the Kentucky Thoroughbred development fund shall be allocated to each licensed association in an amount equal to **at least ninety percent (90%) of** the amount the association contributed to the fund.
- (d) Moneys to the credit of the Kentucky Thoroughbred development fund at the end of each fiscal year shall not lapse, but shall be carried forward in such fund to the succeeding fiscal year.
- (2) There is hereby established, under the general jurisdiction of the Kentucky Horse Racing and Gaming Corporation, a Kentucky Thoroughbred Development Fund Advisory Committee. The advisory committee shall consist of five (5) members, all of whom shall be residents of Kentucky, to be appointed by the chairman of the Kentucky Horse Racing and Gaming Corporation by July 1 of each year. The committee shall consist of two (2) Thoroughbred breeders recommended by the Kentucky Thoroughbred Owners and Breeders, Inc.; one (1) Thoroughbred owner recommended by the Kentucky division of the Horsemen's Benevolent and Protective Association; one (1) officer or director of a licensed association conducting Thoroughbred racing in Kentucky, recommended by action of all of the licensed associations conducting Thoroughbred racing in Kentucky; and one (1) member of the Kentucky Horse Racing and Gaming Corporation. If any member other than the corporation member has not been recommended for appointment by July 1 of each year, the chairman of the Kentucky Horse Racing and Gaming Corporation shall make an appointment for the organization or organizations failing to recommend a member of the committee. The members of the advisory committee shall serve without compensation, but shall be entitled to reimbursement for all expenses incurred in the discharge of official business. The advisory committee shall select from its membership annually a chairman and a vice chairman.
- (3) (a) The Kentucky Thoroughbred Development Fund Advisory Committee shall advise and assist the Kentucky Horse Racing and Gaming Corporation in the development of the supplemental purse program provided herein for Kentucky-bred Thoroughbreds, shall make recommendations to the corporation with respect to the establishment of guidelines, administrative regulations for the provision of supplemental purses, the amount thereof, the races for which the purses are to be provided and the conditions thereof, manner and method of payment of supplemental purses, registry of Thoroughbred stallions standing within the Commonwealth of Kentucky, registry of Kentucky-bred Thoroughbreds for purposes of this section, nature and type of forms and reports to be employed and required in connection with the establishment, provision for, award and payment of supplemental purses, and with respect to all other matters necessary in connection with the carrying out of the intent and purposes of this section.
- (b) The Kentucky Horse Racing and Gaming Corporation shall employ qualified personnel as may be required to assist the corporation and the advisory committee in carrying out the provisions of this

section. These persons shall serve at the pleasure of the corporation and compensation for these personnel shall be fixed by the corporation~~[- The compensation of these personnel and the necessary expenses incurred by the corporation or by the committee in carrying out the provisions of this section shall be paid out of the Kentucky Thoroughbred development fund].~~

- (4) The Kentucky Horse Racing and Gaming Corporation, with the advice and assistance of the Kentucky Thoroughbred Development Fund Advisory Committee, shall use the Kentucky Thoroughbred development fund to promote, enhance, improve, and encourage the further and continued development of the Thoroughbred breeding industry in Kentucky by providing, out of the Kentucky Thoroughbred development fund, supplemental purses for designated stakes, handicap, allowance, nonclaiming maiden races, and claiming races contested at licensed Thoroughbred race meetings in Kentucky. The Kentucky Horse Racing and Gaming Corporation ~~may~~**shall**, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish the requirements, conditions, and procedures for awarding and payment of supplemental purses in designated races by Kentucky-bred Thoroughbred horses. That portion of the supplemental purse provided for any designated race shall be awarded and paid to the owner of the horse only if the horse is a Kentucky-bred Thoroughbred duly registered with the official registrar. Any portion of the supplemental purse which is not awarded and paid over shall be returned to the Kentucky Thoroughbred development fund.
- (5)
 - (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall mean and include only a Thoroughbred stallion standing the entire breeding season in Kentucky and registered as a Kentucky Thoroughbred stallion with the official registrar of the Kentucky Thoroughbred development fund.
 - (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and include only Thoroughbred horses sired by Kentucky Thoroughbred stallions foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the official registrar of the Kentucky Thoroughbred development fund.
 - (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a Kentucky-bred Thoroughbred for purposes of this section if the horse was foaled in Kentucky and if the sire of the Thoroughbred was standing at stud within Kentucky at the time of conception of such Thoroughbred, provided the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with the official registrar of the Kentucky Thoroughbred development fund.
 - (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to demand, claim, and receive a portion of a supplemental purse provided by the Kentucky Thoroughbred development fund, the Thoroughbred horse in a designated race for which a supplemental purse has been provided by the Kentucky Thoroughbred development fund ~~shall~~**must** have been duly registered as a Kentucky-bred Thoroughbred with the official registrar of the Kentucky Thoroughbred development fund prior to entry in the race.
- (6)
 - (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and designated as the sole official registrar of the Kentucky Thoroughbred development fund for the purposes of registering Kentucky Thoroughbred stallions and Kentucky-bred Thoroughbreds in accordance with the terms of this section and any administrative regulations promulgated by the Kentucky Horse Racing and Gaming Corporation. When a Kentucky-bred Thoroughbred is registered with the official registrar, the registrar shall be authorized to stamp the Jockey Club certificate issued for the Thoroughbred with the seal of the registrar, certifying that the Thoroughbred is a duly qualified and registered Kentucky-bred Thoroughbred for purposes of this section. The registrar may establish and charge, with the approval of the corporation, reasonable registration fees for its services in the registration of Kentucky Thoroughbred stallions and in the registration of Kentucky-bred Thoroughbreds. Registration records of the registrar shall be public records and open to public inspection at all normal business hours and times.
 - (b) Any interested party aggrieved by the failure or refusal of the official registrar to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-bred Thoroughbred shall have the right to file with the ~~registrar~~**registrar**~~[corporation]~~, within thirty (30) days of such failure or refusal of the registrar, a petition seeking registration of the Thoroughbred. The corporation shall promptly hear the matter de novo and issue its order directing the official registrar to register or not to register as it may be determined by the ~~registrar~~**registrar**~~[corporation]~~.
- (7) The Kentucky Horse Racing and Gaming Corporation ~~may~~**shall** promulgate administrative regulations~~[- as may be necessary]~~ to carry out the provisions and purposes of this section, including the promulgation of

administrative regulations and forms~~[as may be appropriate]~~ for the proper registration of Kentucky stallions and Kentucky-bred Thoroughbreds with the official registrar, and shall administer the Kentucky-bred Thoroughbred program created hereby in a manner best designed to promote and aid in the further development of the Thoroughbred breeding industry in Kentucky, to upgrade the quality of Thoroughbred racing in Kentucky, and to improve the quality of Thoroughbred horses bred in Kentucky.

➔SECTION 13. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO READ AS FOLLOWS:

- (1)
 - (a) *There is hereby created a corporate account for the Kentucky Horse Racing and Gaming Corporation, designated as the Kentucky quarter horse development fund, consisting of moneys allocated to the fund under Section 11 of this Act together with any other moneys contributed to or allocated to the fund from all other sources.*
 - (b) *For the purposes of this section, "development fund" or "fund" means the Kentucky quarter horse development fund.*
 - (c) *Moneys to the credit of the development fund shall be transferred in the following order:*
 1. *Twenty-five thousand dollars (\$25,000) each fiscal year to the Kentucky problem gambling assistance account established in KRS 230.826; and*
 2. *Remaining moneys to be divided as follows:*
 - a. *At least ninety percent (90%) shall be allocated within Kentucky as set forth in this section; and*
 - b. *Up to ten percent (10%) for administration and operation of the corporation.*
 - (d) *Notwithstanding KRS 45.229, moneys to the credit of the fund at the end of the fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year.*
 - (e) *Interest earnings of the fund shall become a part of the fund and shall not lapse.*
- (2)
 - (a) *The Kentucky Horse Racing and Gaming Corporation shall use the development fund to promote races, provide purses for races, and award breeders for horses bred and foaled in the Commonwealth.*
 - (b) *A foal of a pregnant mare bred in another state and brought back to Kentucky to foal beginning with the breeding year 2025 and ending with foals of the foaling year 2028 may be eligible for moneys from the fund. The pregnant mare shall foal in Kentucky and have the resulting foal registered as a Kentucky-bred quarter horse. Then the same mare, within the same calendar year of the first foal being born, may be bred in Kentucky and registered to the fund. If the mare foals a second time in Kentucky based on this breeding, the resulting foal shall be registered as a Kentucky-bred quarter horse.*
 - (c) *The corporation shall provide for distribution of moneys to the credit of the development fund to persons, corporations, or associations operating licensed tracks within Kentucky conducting quarter horse racing, on an equitable basis as determined by the corporation and in conformance with subsections (3) and (4) of this section.*
- (3) *The Kentucky Horse Racing and Gaming Corporation:*
 - (a) *Shall approve the amount of moneys to be paid from the development fund to be:*
 1. *Added to the purse provided for each race by the licensed operator of the track; and*
 2. *Awarded to breeders of Kentucky-bred quarter horses that win races at licensed tracks in Kentucky;*
 - (b) *Shall approve the dates and conditions of races to be held by licensed tracks; and*
 - (c) *May promulgate administrative regulations in accordance with KRS Chapter 13A to carry out the provisions of this section.*
- (4)
 - (a) *Moneys from the fund shall be allocated to each licensed association in an amount equal to at least ninety percent (90%) of the amount the association contributed to the fund.*
 - (b) *Any portion of a supplemental purse that is not awarded and paid over shall be returned to the fund.*

- (c) *The portion of the supplemental purse provided for any designated race shall be awarded and paid to the owner of the horse only if the horse is duly registered with the official registrar under this section.*
- (5) (a) *In order for an owner of a Kentucky-bred quarter horse to be eligible to demand, claim, and receive a portion of a supplemental purse provided by the Kentucky quarter horse development fund, the quarter horse in a designated race for which a supplemental purse has been provided by the Kentucky quarter horse development fund shall have been duly registered as a Kentucky-bred quarter horse with the official registrar of the Kentucky quarter horse development fund prior to entry in the race.*
- (b) *The Kentucky Quarter Horse Racing Association is hereby recognized and designated as the sole official registrar of the Kentucky quarter horse development fund for the purposes of registering Kentucky quarter horse stallions, quarter horse mares, and Kentucky-bred quarter horses in accordance with the terms of this section and any administrative regulations promulgated by the Kentucky Horse Racing and Gaming Corporation. When a Kentucky-bred quarter horse is registered with the official registrar, the registrar shall be authorized to stamp the American Quarter Horse Association certificate issued for the quarter horse with the seal of the registrar, certifying that the quarter horse is a duly qualified and registered Kentucky-bred quarter horse for purposes of this section. The registrar may establish and charge, with the approval of the corporation, reasonable registration fees for its services in the registration of Kentucky quarter horse stallions, quarter horse mares, and Kentucky-bred quarter horses. Registration records of the registrar shall be public records and open to public inspection at all normal business hours and times.*
- (c) *Any interested party aggrieved by the failure or refusal of the official registrar to register a stallion, mare, or quarter horse as a Kentucky stallion, mare, or Kentucky-bred quarter horse shall have the right to file with the registrar, within thirty (30) days of the failure or refusal of the registrar, a petition seeking registration of the quarter horse. The registrar shall promptly hear the matter de novo and issue its order.*
- (6) *The Kentucky Horse Racing and Gaming Corporation shall:*
 - (a) *Supervise registration of, or determine the eligibility of, horses entitled to entry in races which receive a portion of purse money from the development fund; and*
 - (b) *Determine the conditions, class, and quality of the fund-supported race program established to carry out the purposes of this section.*
- (7) *The corporation may promulgate administrative regulations in accordance with KRS Chapter 13A to carry out the provisions and purposes of this section and shall administer the Kentucky quarter horse development fund in a manner designed to:*
 - (a) *Promote and aid in the development of the quarter horse industry in Kentucky;*
 - (b) *Upgrade the quality of quarter horse racing in Kentucky; and*
 - (c) *Improve the quality of quarter horses bred in Kentucky.*

➔ SECTION 14. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO READ AS FOLLOWS:

- (1) *The Kentucky quarter horse purse fund is created as a corporate fund to be administered by the Kentucky Horse Racing and Gaming Corporation and shall consist of moneys allocated to the fund under Section 11 of this Act together with any other moneys contributed to or allocated to the fund from all other sources. For the purposes of this section, "purse fund" or "fund" means the Kentucky quarter horse purse fund.*
- (2) *Notwithstanding KRS 45.229, money to the credit of the fund at the end of the fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year. Interest earnings of the fund shall become a part of the fund and shall not lapse.*
- (3) *The Kentucky Horse Racing and Gaming Corporation shall use at least ninety percent (90%) of the purse fund to promote quarter horse racing and to provide purses for quarter horse races conducted in the Commonwealth as follows:*

- (a) *The Kentucky Horse Racing and Gaming Corporation shall provide for distribution of money from the fund to persons, corporations, or associations operating licensed tracks within the Commonwealth conducting quarter horse racing;*
- (b) *At least ninety percent (90%) of the moneys from the fund shall be allocated to each licensed association located in the Commonwealth in proportion to the amount each association contributed to the fund; and*
- (c) *The Kentucky Horse Racing and Gaming Corporation shall consult with the Kentucky Quarter Horse Racing Association or its successor to designate the races and the amount of purse money to be provided for designated quarter horse races.*
- (4) *The Kentucky Horse Racing and Gaming Corporation may use up to ten percent (10%) of the purse fund for administration and operation of the corporation.*
- (5) *The Kentucky Horse Racing and Gaming Corporation:*
 - (a) *Shall fix the dates and conditions of quarter horse races to be held by licensed tracks;*
 - (b) *Shall fix the amount of money to be paid from the fund to be added to the purse provided for each quarter horse race by the licensed operator of the track; and*
 - (c) *May promulgate administrative regulations in accordance with KRS Chapter 13A to carry out the provisions of this section.*
- (6) *The Kentucky Horse Racing and Gaming Corporation shall carry out the provisions of this section and administer the purse fund in a manner designed to promote and aid in the development of the quarter horse industry in Kentucky and upgrade the quality of quarter horse racing in Kentucky.*

➔ Section 15. KRS 230.445 is amended to read as follows:

- (1) (a) There is hereby created a **corporate**~~trust and agency~~ account for the Kentucky Horse Racing and Gaming Corporation designated the Kentucky ~~quarter horse,~~ paint horse, Appaloosa, and Arabian development fund, consisting of moneys allocated to the fund under KRS 230.3771 together with any other moneys contributed to or allocated to the fund from all other sources.
- (b) For the purposes of this section, "development fund" or "fund" means the Kentucky ~~quarter horse,~~ paint horse, Appaloosa, and Arabian development fund.
- (c) Moneys to the credit of the development fund shall be transferred in the following order:
 - 1. Twenty-five thousand dollars (\$25,000) each fiscal year to the Kentucky problem gambling assistance account established in KRS 230.826; and
 - 2. Remaining moneys to **be divided as follows:**
 - a. **At least ninety percent (90%) shall be allocated within Kentucky as set forth in this section; and**
 - b. **Up to ten percent (10%) for administration and operation of the corporation**~~the Kentucky Horse Racing and Gaming Corporation for the purposes specified in this section~~.
- (d) Notwithstanding KRS 45.229, moneys to the credit of the fund at the end of the fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year.
- (e) Interest earnings of the fund shall become a part of the fund and shall not lapse.
- (f) Moneys in the fund shall be used ~~and are hereby appropriated~~ for purposes specified in this section.
- (2) The Kentucky Horse Racing and Gaming Corporation shall use the development fund to promote races and to provide purses for races for horses bred and foaled in the Commonwealth. The corporation shall provide for distribution of moneys to the credit of the development fund to persons, corporations, or associations operating licensed tracks within Kentucky conducting ~~quarter horse,~~ paint horse, Appaloosa, or Arabian horse racing, on an equitable basis as determined by the corporation and in conformance with subsection (3) of this section.
- (3) (a) The Kentucky Horse Racing and Gaming Corporation shall:
 - 1.~~.(a)~~ Fix the amount of moneys to be paid from the development fund to be added to the purse provided for each race by the licensed operator of the track; **and**

- 2.~~(b)~~ Fix the dates and conditions of races to be held by licensed tracks~~;~~ and
- (c) ~~Promulgate administrative regulations necessary to carry out the provisions of this section.~~
- ~~(b)~~ **At least ninety percent (90%) of the** moneys from the fund shall be allocated to each breed of horse represented in the fund in an amount equal to the amount the breed has contributed to the fund.

- (4) The Kentucky Horse Racing and Gaming Corporation shall ~~appoint qualified personnel as necessary to~~:
- (a) Supervise registration of, or determine the eligibility of, horses entitled to entry in races which receive a portion of purse money from the development fund; and
 - (b) **Determine**~~Assist the corporation in determining~~ the conditions, class, and quality of the fund-supported race program established to carry out the purposes of this section.

The personnel shall serve at the pleasure of the corporation and compensation shall be fixed by the corporation~~with the compensation and necessary expenses of the personnel paid from the development fund~~.

- (5) The corporation **may**~~shall~~ promulgate administrative regulations to carry out the provisions of this section and shall administer the Kentucky~~quarter horse,~~ paint horse, Appaloosa, and Arabian development fund in a manner designed to:
- (a) Promote and aid in the development of the horse industry in Kentucky;
 - (b) Upgrade the quality of racing in Kentucky; and
 - (c) Improve the quality of horses bred in Kentucky.

➔Section 16. KRS 230.446 is amended to read as follows:

- (1) The Kentucky~~quarter horse,~~ paint horse, Appaloosa, and Arabian purse fund is created as a **corporate**~~trust and agency~~ fund to be administered by the Kentucky Horse Racing and Gaming Corporation and shall consist of moneys allocated to the fund under KRS 230.3771 together with any other moneys contributed to or allocated to the fund from all other sources. For the purposes of this section, "purse fund" or "fund" means the Kentucky~~quarter horse,~~ paint horse, Appaloosa, and Arabian purse fund.
- (2) Notwithstanding KRS 45.229, money to the credit of the fund at the end of the fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year. Interest earnings of the fund shall become a part of the fund and shall not lapse.
- (3) Moneys in the fund shall be used~~and are hereby appropriated~~ for purposes specified in this section.
- (4) The Kentucky Horse Racing and Gaming Corporation shall use **at least ninety percent (90%) of** the purse fund to promote racing and to provide purses for races conducted in the Commonwealth as follows:
 - (a) The Kentucky Horse Racing and Gaming Corporation shall provide for distribution of money from the fund to persons, corporations, or associations operating licensed tracks within the Commonwealth conducting~~quarter horse,~~ paint horse, Appaloosa, or Arabian horse racing;
 - (b) **At least ninety percent (90%) of the** moneys from the purse fund shall be allocated to each breed of horse represented in the fund in proportion to the amount each breed has contributed to the fund; and
 - (c) The Kentucky Horse Racing and Gaming Corporation shall consult with~~the Kentucky Quarter Horse Racing Association or its successor,~~ the Kentucky Appaloosa Owners Association or its successor, the Kentucky Paint Horse Club or its successor, and the Kentucky Arabian Horse Association or its successor, to designate the races and the amount of purse money to be provided for designated races for each breed respectively.
- (5) **Up to ten percent (10%) of the purse fund may be allocated for the administration and operation of the corporation.**
- (6)~~(5)~~ The Kentucky Horse Racing and Gaming Corporation~~shall~~:
 - (a) **Shall** fix the dates and conditions of races to be held by licensed tracks;
 - (b) **Shall** fix the amount of money to be paid from the fund to be added to the purse provided for each race by the licensed operator of the track; and

- (c) **May** promulgate administrative regulations *in accordance with KRS Chapter 13A* necessary to carry out the provisions of this section.

~~(7)(6)~~ The Kentucky Horse Racing and Gaming Corporation shall carry out the provisions of this section and administer the purse fund in a manner designed to promote and aid in the development of the horse industry in Kentucky and upgrade the quality of horse racing in Kentucky.

➔Section 17. KRS 230.770 is amended to read as follows:

- (1) (a) There is hereby created a **corporate**~~trust and agency~~ account for the Kentucky Horse Racing and Gaming Corporation, designated as the Kentucky standardbred development fund, consisting of moneys allocated to the fund under the provisions of KRS 138.510, together with any other moneys contributed to or allocated to the fund from all other sources.
- (b) For the purposes of this section, "development fund" or "fund" means the Kentucky standardbred development fund.
- (c) Moneys to the credit of the development fund shall be transferred in the following order:
 - 1. Seventy-five thousand dollars (\$75,000) each fiscal year to the Kentucky problem gambling assistance account established in KRS 230.826; and
 - 2. Remaining moneys to *be divided as follows*:
 - a. *At least ninety percent (90%) shall be allocated within Kentucky as set forth in this section; and*
 - b. *Up to ten percent (10%) may be allocated for administration and operation of the corporation*~~the Kentucky Horse Racing and Gaming Corporation for the purposes specified in this section~~.
- (d) Moneys to the credit of the fund at the end of each fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year.
- (2) The Kentucky Horse Racing and Gaming Corporation shall use the development fund to promote races, and to provide purses for races, for Kentucky-bred standardbred horses.
- (3) The corporation shall:
 - (a) Account for the moneys in the fund by separating the moneys as required for distribution under subsections (1) and (4) of this section; and
 - (b) Provide for distribution of moneys to the credit of the development fund to persons, corporations, or associations operating licensed standardbred race tracks within Kentucky on an equitable basis, for the purpose of conducting separate races for Kentucky-bred standardbred horses, both trotting and pacing.
- (4) The corporation shall establish an international harness racing event reserve account of up to nine hundred thousand dollars (\$900,000) for a Kentucky track that hosts an international harness racing event spanning multiple days that distributes at least five million dollars (\$5,000,000) in purses and awards. Moneys shall be transferred from the development fund as follows:
 - (a) Beginning July 31, 2024, three hundred thousand dollars (\$300,000) shall be transferred annually into the event reserve account until the total amount transferred into the event reserve account reaches nine hundred thousand dollars (\$900,000);
 - (b) If the event reserve account reaches nine hundred thousand dollars (\$900,000), the annual transfer of moneys into the account shall be suspended and shall not resume until a Kentucky track has hosted the event and has received its distribution of moneys under this subsection; and
 - (c) If an event is held and the nine hundred thousand dollars (\$900,000) has been distributed to the host track, the annual transfers into the event reserve account under paragraph (a) of this subsection shall resume at that time.
- (5) Moneys distributed from the development fund to licensed standardbred race tracks within the Commonwealth shall be used exclusively to promote races and provide purses for races conditioned to admit only Kentucky-bred standardbred horses.
- (6) The Kentucky Horse Racing and Gaming Corporation shall:

- (a) Fix the amount of moneys to be paid from the development fund to be added to the purse provided for each race by the licensed operator of the track; **and**
- (b) Fix the dates and conditions of races to be held by licensed race tracks; ~~and~~
- ~~(c) Promulgate administrative regulations in accordance with KRS Chapter 13A necessary to carry out the provisions of this section.~~
- (7) (a) The Kentucky Horse Racing and Gaming Corporation may promulgate administrative regulations **in accordance with KRS Chapter 13A to carry out the provisions of this section, including those administrative regulations** necessary to determine the eligibility of horses for entry in races for which a portion of the purse is provided by moneys of the development fund, including administrative regulations for the eligibility, residency, and registration of mares, stallions, and progeny thereof.
- (b) Registration of stallions may occur any time during the breeding season, but shall occur no later than December 31 of the year of conception of the eligible horse.
- (8) (a) The Kentucky Horse Racing and Gaming Corporation shall appoint qualified personnel necessary to supervise registration of, or determination of eligibility of, horses entitled to entry in races, a portion of the purse of which is provided by the development fund, to assist the corporation in determining the conditions, class, and quality of the fund supported race program to be established in this section to carry out the purposes of this section.
- (b) These persons shall serve at the pleasure of the corporation and compensation shall be fixed by the corporation.
- ~~(c) The compensation of personnel and necessary expenses shall be paid out of the development fund.~~
- ~~(d)~~ The corporation shall administer the Kentucky sire stakes program in a manner best designed to:
 1. Promote and aid in the development of the horse industry in Kentucky;
 2. Upgrade the quality of racing in Kentucky; and
 3. Improve the quality of horses bred in Kentucky.

➔Section 18. KRS 230.800 is amended to read as follows:

- (1) There is hereby created~~[in the State Treasury]~~ a **corporate account for the Kentucky Horse Racing and Gaming Corporation**~~[trust and revolving fund]~~ designated as the "Kentucky Thoroughbred breeders incentive fund." The fund shall be administered by the ~~[Kentucky Horse Racing and Gaming]~~ corporation. For all tax periods beginning on or after June 1, 2005, eighty percent (80%) of all receipts collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall be **transferred to the corporation for deposit**~~[deposited]~~ in the fund together with any other money contributed, appropriated, or allocated to the fund from all other sources.~~[The money deposited in the fund is hereby appropriated for the uses set forth in this section.]~~ Any money remaining in the fund at the close of any calendar year shall not lapse but shall be carried forward to the next calendar year. The fund may also receive additional state appropriations, gifts, grants, and federal funds. All interest earned on money in the fund shall be credited to the fund.
- (2) (a) The Kentucky Horse Racing and Gaming Corporation shall use moneys deposited in the Kentucky Thoroughbred breeders incentive fund to administer the fund and provide rewards for breeders of horses bred and foaled in Kentucky **to be divided as follows:**
 1. **At least ninety percent (90%) shall be allocated to provide the breeder rewards as set forth in this section; and**
 2. **Up to ten percent (10%) may be allocated for administration and operation of the corporation.**
- (b) The Kentucky Horse Racing and Gaming Corporation ~~may~~**shall** promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund.
- (c) The Department of Revenue may promulgate administrative regulations establishing the procedures necessary to determine the correct allocation of sales tax receipts described in subsection (1) of this section.

- (d) As soon as practicable after the close of each calendar year, the corporation shall disburse to breeders of horses moneys in the Kentucky Thoroughbred breeders incentive fund pursuant to the administrative regulations promulgated pursuant to paragraph (b) of this subsection.

➔Section 19. KRS 230.802 is amended to read as follows:

- (1) There is hereby created~~[in the State Treasury]~~ a **corporate**~~[trust and revolving]~~ fund designated as the "Kentucky standardbred breeders incentive fund." The fund shall be ~~in~~~~administered by~~ the Kentucky Horse Racing and Gaming Corporation. For tax periods beginning on or after June 1, 2005, thirteen percent (13%) of all receipts collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall be deposited in the fund together with any other money contributed, appropriated, or allocated to the fund from all other sources. The money deposited in the fund is hereby appropriated for the uses set forth in this section. Any money remaining in the fund at the close of any calendar year shall not lapse but shall be carried forward to the next calendar year. The fund may also receive additional state appropriations, gifts, grants, and federal funds. All interest earned on money in the fund shall be credited to the fund.
- (2) (a) The Kentucky Horse Racing and Gaming Corporation shall use moneys deposited in the Kentucky standardbred breeders incentive fund to administer the fund and provide rewards for breeders or owners of Kentucky-bred standardbred horses **to be divided as follows:**
1. ***At least ninety percent (90%) shall be allocated to provide the breeder rewards as set forth in this section; and***
 2. ***Up to ten percent (10%) may be allocated for administration and operation of the corporation.***
- (b) The Kentucky Horse Racing and Gaming Corporation ~~may~~~~shall~~ promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund.
- (c) The Department of Revenue may promulgate administrative regulations establishing the procedures necessary to determine the correct allocation of sales tax receipts described in subsection (1) of this section.
- (d) As soon as practicable after the close of each calendar year, the corporation shall disburse moneys in the Kentucky standardbred breeders incentive fund to be used to promote, enhance, improve, and encourage the further and continued development of the standardbred breeding industry in Kentucky, under the administrative regulations promulgated pursuant to paragraph (b) of this subsection.

➔Section 20. KRS 230.804 is amended to read as follows:

- (1) There is hereby created~~[in the State Treasury]~~ a **corporate**~~[trust and revolving]~~ fund designated as the "Kentucky horse breeders incentive fund." The fund shall be ~~in~~~~administered by~~ the Kentucky Horse Racing and Gaming Corporation. For tax periods beginning on or after June 1, 2005, seven percent (7%) of all receipts collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall be deposited in the fund together with any other money contributed, appropriated or allocated to the fund from all other sources. The money deposited in the fund is hereby appropriated for the uses set forth in this section. Notwithstanding KRS 45.229, any money remaining in the fund at the close of any calendar year shall not lapse but shall be carried forward to the next calendar year. The fund may also receive additional state appropriations, gifts, grants, and federal funds. All interest earned on money in the fund shall be credited to the fund.
- (2) (a) The Kentucky Horse Racing and Gaming Corporation shall use moneys deposited in the Kentucky horse breeders incentive fund to administer the fund and provide rewards for breeders or owners of horses bred and foaled in Kentucky **to be divided as follows:**
1. ***At least ninety percent (90%) shall be allocated to provide the breeder rewards as set forth in this section; and***
 2. ***Up to ten percent (10%) may be allocated for administration and operation of the corporation.***
- (b) The Kentucky Horse Racing and Gaming Corporation ~~may~~~~shall~~ promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund.
- (c) The Department of Revenue may promulgate administrative regulations establishing the procedures necessary to determine the correct allocation of sales tax receipts described in subsection (1) of this section.

- (d) As soon as practicable after the close of each calendar year, the corporation shall disburse to breeders of horses moneys in the Kentucky horse breeders incentive fund to be used to promote, enhance, improve, and encourage the further and continued development of the horse industry in Kentucky, under the administrative regulations promulgated pursuant to paragraph (b) of this subsection.

➔ Section 21. KRS 230.811 is amended to read as follows:

- (1) Except as provided in KRS 230.805(6), no person shall conduct, manage, or offer to conduct sports wagering within the Commonwealth of Kentucky without obtaining a license from the corporation.
- (2) As a prerequisite to obtaining a sports wagering license, a person shall be licensed as an association under KRS 230.300. If sports wagering is conducted by the track that chooses not to contract with a service provider, it shall comply with the standards established by the corporation for service providers to ensure the integrity of the system of sports wagering before conducting sports wagering in the Commonwealth.
- (3) In addition to the requirement in subsection (2) of this section, an initial fee of five hundred thousand dollars (\$500,000) shall be paid to the corporation before a sports wagering license may be issued to a track.
- (4) An annual renewal fee of fifty thousand dollars (\$50,000) shall be required for each sports wagering license.
- (5) Licensing fees ~~paid~~ under this section shall be ***paid to the corporation*** ~~deposited into the sports wagering administration fund established by KRS 230.817~~.

➔ Section 22. KRS 230.817 is amended to read as follows:

- (1) (a) There is hereby established in the State Treasury a restricted account to be known as the sports wagering administration fund. The fund shall consist of moneys received from the moneys collected under KRS 138.552, 230.811, and 230.814 and state appropriations.
- (b) 1. The amounts deposited in the fund shall be used as follows:
 - a. ***Ten percent (10%) of the receipts shall be distributed to the Kentucky Horse Racing and Gaming Corporation for the administration and operation of the corporation. The corporation shall prepare and submit a quarterly report to the Legislative Research Commission for referral to the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations or to the Senate Standing Committee on Licensing and Occupations and the House Standing Committee on Licensing, Occupations, and Administrative Regulations, as appropriate, which includes the amounts received as well as the expenditures against those funds. This information shall also be included in the corporation's annual report required by Section 3 of this Act.*** ~~For administrative expenses relating to or associated with the purposes of sports wagering which shall be disbursed by the Finance and Administration Cabinet upon the warrant of the Kentucky Horse Racing and Gaming Corporation~~; and
 - b. Two and one-half percent (2.5%) of the funds shall be deposited in the Kentucky problem gambling assistance account established in KRS 230.826.
2. The remaining funds shall be deposited in the Kentucky permanent pension fund established in KRS 42.205.
3. Any interest accruing to the fund shall become a part of the fund and shall not lapse.
- (2) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal year shall not lapse but shall be carried forward into the next fiscal year.
- (3) Moneys deposited in the fund ***shall be:***
 - (a) ***Used*** ~~Are hereby appropriated~~ for the purposes set forth in this section ~~and shall not be appropriated or transferred by the General Assembly for any other purposes~~; ***and***
 - (b) ***Distributed as they are received on a rolling basis.***

➔ SECTION 23. A NEW SECTION OF KRS CHAPTER 238 IS CREATED TO READ AS FOLLOWS:

Any licensee operating at more locations than allowed under this chapter on July 1, 2025, may retain those licenses, but any of the following events or occurrences shall result in the loss of the additional licenses:

- (1) *Sale or transfer of ownership of the business location, property leased for the gaming location, or change of ownership or transfer of the charitable organization;*
- (2) *Suspension or revocation of a license due to a violation;*
- (3) *Failure by the licensee to timely reapply or pay appropriate licensure fees;*
- (4) *Any closure of the location for ninety (90) days or more, which shall include closures due to acts of God;*
- (5) *Failure to maintain a valid lease due to expiration and termination of lease agreements;*
- (6) *Failure by the licensee to comply with all charitable gaming requirements;*
- (7) *Failure or inability of the existing facility or location to restrict access to persons twenty-one (21) years of age or older; or*
- (8) *Failure of the licensee to report timely changes to the licensed location or any licensing requirements to properly update the corporation's licensing files related to the charitable activities at that location.*

➔ Section 24. KRS 238.505 (Effective July 1, 2025) is amended to read as follows:

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

- (1) "Office" means the office regulating charitable gaming within the Kentucky Horse Racing and Gaming Corporation established by the president under KRS Chapter 230;
- (2) "Charitable gaming" means bingo, charity game tickets, raffles, and charity fundraising events conducted for fundraising purposes by charitable organizations licensed and regulated under the provisions of this chapter. "Charitable gaming" shall not include slot machines, electronic video gaming devices, wagering on live sporting events, or simulcast broadcasts of horse races;
- (3) "Charitable organization" means a nonprofit entity organized for charitable, religious, educational, literary, civic, fraternal, or patriotic purposes;
- (4) "Bingo" means a specific game of chance in which participants use cards or paper sheets, or card-minding device representations thereof, divided into horizontal and vertical spaces, each of which is designated by a letter and a number, and prizes are awarded on the basis of the letters and numbers on the card conforming to a predetermined and preannounced configuration of letters and numbers selected at random;
- (5) "Charity game ticket" means a game of chance using a folded or banded paper ticket, or a paper card with perforated break-open tabs, or electronic pulltab device representations thereof, the face of which is covered or otherwise hidden from view to conceal a number, letter, symbol, or set of numbers, letters, or symbols, some of which have been designated in advance as prize winners and shall include charity game tickets that utilize a seal card. "Charity game ticket" shall include pulltabs, both paper and electronic representations thereof;
- (6) "Seal card" means a board or placard used in conjunction with charity game tickets, that contains a seal or seals which, when removed or opened, reveal predesignated winning numbers, letters, or symbols;
- (7) "Raffle" means a game of chance in which a participant is required to purchase a ticket for a chance to win a prize, with the winner to be determined by a random drawing;
- (8) "Charity fundraising event" means an activity of limited duration at which games of chance approved by the ~~corporation~~^{office} are conducted, including bingo, raffles, charity game tickets, special limited charitable games, and wagering on prerecorded horse races, KRS Chapter 230 notwithstanding. Examples of such activities include events that attract patrons for community, social, and entertainment purposes apart from charitable gaming, such as fairs, festivals, carnivals, licensed charitable gaming organization conventions, bazaars, and banquets. For the purposes of this subsection, "banquet" shall mean a formal meal or feast held by a charitable organization for community, social, or entertainment purposes apart from charitable gaming;
- (9) "Manufacturer" means a person who assembles from raw materials or subparts any charitable gaming equipment or supplies used in the conduct of charitable gaming, including a person who converts, modifies, and adds to or removes parts from, charitable gaming equipment and supplies. The term shall not include:
 - (a) Any person who services or repairs charitable gaming supplies and equipment, so long as that person replaces or repairs an incidental, malfunctioning, or nonfunctioning part with a similar or identical part; and
 - (b) Any distributor who cuts, collates, and packages for distribution any gaming supplies and equipment purchased in bulk;

- (10) "Distributor" means a person who sells, markets, leases, or otherwise furnishes to a charitable organization charitable gaming equipment or supplies, or both, used in the conduct of charitable gaming. "Distributor" shall not include:
- (a) A resident printer who prints raffle tickets at the request of a licensed charitable organization; and
 - (b) A licensed charitable organization that affects a one-time donation of charitable gaming supplies or equipment to another licensed charitable organization if the donation is first approved by the **corporation**~~office~~;
- (11) "Charitable gaming facility" means the premises on which charitable gaming is conducted;
- (12) "Gross receipts" means all moneys collected or received from the conduct of charitable gaming;
- (13) "Adjusted gross receipts" means gross receipts less all cash prizes and the amount paid for merchandise prizes purchased;
- (14) "Net receipts" means adjusted gross receipts less all expenses, charges, fees, and deductions authorized under this chapter;
- (15) "Charitable gaming supplies and equipment" means any material, device, apparatus, or paraphernalia customarily used in the conduct of charitable gaming, including bingo cards and paper, charity game tickets, and other apparatus or paraphernalia used in conducting games of chance at charity fundraising events subject to regulation under this chapter. The term shall not include any material, device, apparatus, or paraphernalia incidental to the game, such as pencils, daubers, playing cards, or other supplies that may be purchased from normal sources of supply;
- (16) "Door prize" means a prize awarded to a person based solely upon the person's attendance at an event or the purchase of a ticket to attend an event;
- (17) "Special limited charitable game" means roulette; blackjack; poker; keno; money wheel; baccarat; pusher-type games; any dice game where the player competes against the house; and any other game of chance as identified, defined, and approved by administrative regulation of the corporation;
- (18) "Special limited charity fundraising event" means any type of charity fundraising event, commonly known as and operated as a "casino night," "Las Vegas night," or "Monte Carlo night," at which the predominant number or types of games offered for play are special limited charitable games;
- (19) "Session" or "bingo session" means a single gathering at which a bingo game or series of successive bingo games are played, excluding bingo played at a charity fundraising event;
- (20) "Immediate family" means:
- (a) Spouse and parents-in-law;
 - (b) Parents and grandparents;
 - (c) Children and their spouses; and
 - (d) Siblings and their spouses;
- (21) "Affiliate" means any corporation, partnership, association, or other business or professional entity or any natural person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with a licensed manufacturer, distributor, or charitable gaming facility;
- (22) "Board" means the board of directors of the Kentucky Horse Racing and Gaming Corporation;
- (23) "Corporation" means the Kentucky Horse Racing and Gaming Corporation;
- ~~(24) "Manager" means the manager of the office regulating charitable gaming established by the president within the Kentucky Horse Racing and Gaming Corporation;~~
- ~~(25)~~ "President" means the president of the Kentucky Horse Racing and Gaming Corporation;
- ~~(25)~~~~(26)~~ "Chairperson" means the chief executive officer and any officer, member, or employee of a licensed charitable organization who will be involved in the management and supervision of charitable gaming as designated in the organization's charitable gaming license application under KRS 238.535(13)(g);

~~(26)(27)~~ "Year" means calendar year except as used in KRS 238.535(11), 238.545(4), 238.547(1), and 238.555(7), when "year" means the licensee's license year;

~~(27)(28)~~ "Card-minding device" means any mechanical, electronic, electromechanical, or computerized device that is interfaced with or connected to equipment used to conduct a game of bingo and that allows a player to store, display, and mark a bingo 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;

~~(28)(29)~~ "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 ~~corporation~~~~office~~. 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

~~(29)(30)~~ "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.

➔ Section 25. KRS 238.510 (Effective July 1, 2025) is amended to read as follows:

(1) The Office of Charitable Gaming is created as an office within the Kentucky Horse Racing and Gaming Corporation. ***Subject to the authority of the corporation,*** the office 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 this chapter.

(2) ~~The office shall be headed by a manager who shall be appointed by the president.~~ The president shall employ ***necessary*** staff ~~as may be necessary~~ to administer and enforce the provisions of this chapter.

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

~~(4)~~ No employee of the ~~corporation~~~~office~~ during his or her term of employment shall be an officer in a charitable organization that is licensed to conduct charitable gaming or be involved in the conduct of charitable gaming as a member of a licensed charitable organization. No employee of the ~~corporation~~~~office~~ during his or her term of employment shall be licensed as a manufacturer, distributor, or charitable gaming facility, or have a financial interest in any business that is licensed as a manufacturer, distributor, or charitable gaming facility.

~~(4)(5)~~ The president ~~may~~~~shall~~ appoint ~~charitable gaming~~ investigators who ~~may~~~~shall~~ have the powers of peace officers throughout the Commonwealth; however, those powers shall be limited to:

(a) Enforcement of the provisions of KRS ***Chapters 230 and***~~Chapter~~ 238~~, relating to charitable gaming~~;

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

1. Unlicensed and illegal ~~charitable~~ gaming;

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

3. Gambling offenses committed in conjunction with ***a legal gaming activity*** ~~charitable gaming~~;

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

(d) Violations of KRS Chapters 516 and 517, relating to forgery and fraud in the conduct of ***legal*** ~~charitable~~ gaming;

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

(f) Violation of any criminal felony offense committed:

1. On licensed~~[charitable]~~ gaming premises; and
2. In the presence of ~~an~~~~[a charitable gaming]~~ investigator.

~~(5)(6)~~ ~~{Charitable }~~Gaming investigators ~~may~~~~[shall]~~ satisfy the certification standards established by the Department of Criminal Justice Training pursuant to KRS Chapter 15, **but this certification shall not be required for any investigators hired after the effective date of this section.** ~~{The manager may possess peace officer powers granted under subsection (5) of this section, if he or she is duly qualified. Charitable }~~Gaming investigators shall not qualify for hazardous duty coverage under the Kentucky Employees Retirement System.

~~(6)(7)~~ ~~{Charitable }~~Gaming investigators so appointed shall not possess peace officer powers other than those provided in subsection ~~(4)~~~~(5)~~ of this section.

➔ Section 26. KRS 238.515 (Effective July 1, 2025) is amended to read as follows:

The office shall license and regulate the conduct of charitable gaming in the Commonwealth of Kentucky **as authorized by the corporation. The president may integrate office responsibilities into other corporation offices to ensure efficiencies and eliminate duplication of duties.** ~~In discharging this responsibility, the }~~Office~~{ shall have the following}~~ powers and duties **include:**

- (1) Licensing charitable organizations, charitable gaming facilities, manufacturers, and distributors that desire to engage in charitable gaming;
- (2) Establishing and enforcing reasonable standards for the conduct of charitable gaming and the operation of charitable gaming facilities;
- (3) Prescribing reasonable fees for licenses;
- (4) Establishing standards of accounting, recordkeeping, and reporting to insure charitable gaming receipts are properly accounted for;
- (5) Establishing a process for reviewing complaints and allegations of wrongdoing, and for investigating complaints with merit. In furtherance of this duty, the office may issue administrative subpoenas and summonses. The office shall also establish toll-free telephone service for receiving complaints and inquiries;
- (6) Taking appropriate disciplinary action, subject to the final order of the **corporation**~~board~~, and making referrals for criminal prosecution of persons who do not operate in compliance with this chapter;
- (7) Collecting and depositing all fees and fines in the charitable gaming regulatory account **to be administered by the corporation**~~and administering the account~~; **and**
- ~~(8) Employing necessary staff, securing adequate office space, and executing other administrative and logistical matters to assure proper functioning of the office; and~~
- ~~(9) Proposing administrative regulations which are necessary to carry out the purposes and intent of this chapter. Any administrative regulation proposed by the office that changes the manner in which a charitable organization conducts charitable gaming or is likely to cause a charitable organization to incur new or additional costs shall be subject to the requirements of KRS 238.522. In proposing administrative regulations under this subsection, the office shall submit any proposed regulations to the Kentucky Horse Racing and Gaming Corporation and the advisory council established under KRS 238.520, and shall give the advisory council the opportunity to produce written comments in accordance with KRS 238.522 prior to submitting the proposed administrative regulations to the Kentucky Horse Racing and Gaming Corporation. If the advisory council chooses to produce written comments, the comments shall be attached to any public submission of the administrative regulation, including any filing under KRS Chapter 13A.~~

➔ Section 27. KRS 238.525 (Effective July 1, 2025) is amended to read as follows:

- (1) Licenses shall be issued by the office on an annual~~[or biennial]~~ basis, except as otherwise permitted in KRS 238.530 and 238.545. A license term may be determined by the office in any manner it deems appropriate to facilitate efficient licensing. The office shall charge a renewal fee not to exceed the maximum amounts established in KRS 238.530, 238.535, and 238.555.
- (2) The office may issue a temporary license to an applicant who has met the requirements for a license. A temporary license shall be valid from the date of issuance until the regular license is issued or for a period of sixty (60) days, whichever is shorter. A temporary license shall not be renewed, except for good cause and shall not exceed a total of nine (9) months in length.

- (3) An applicant for any license to be issued under KRS 238.530 and 238.555 shall be subjected to a state and national criminal history background check by the office, with the assistance of the Department of Kentucky State Police and the Federal Bureau of Investigation. An applicant for any license to be issued under KRS 238.535 shall be subjected to a state criminal history background check and may, if deemed reasonably necessary, be subjected to a national criminal history background check by the office with the assistance of the Department of Kentucky State Police and the Federal Bureau of Investigation. The criminal history background check shall apply to the chief executive officer and the chief financial officer or director of an applicant; any employee or member of an applicant who has been designated as chairperson of the charitable gaming activity; the applicant itself; and any individual with a ten percent (10%) or more financial interest in the applicant. The office shall require the fingerprinting of all applicants for licensure under KRS 238.530 and 238.555 and may require, if deemed reasonably necessary, the fingerprints of all applicants for licensure under KRS 238.535, who are natural persons in connection with the national criminal history background check to assure the identity of the applicant or applicants. The office may charge a reasonable fee not to exceed the actual cost of fingerprinting and records searching.
- (4) No applicant shall be licensed and no license holder shall be able to maintain a license if an individual associated with the applicant or license holder in a capacity listed in subsection (3) of this section or the applicant or license holder itself has been convicted of a felony, gambling offense, criminal fraud, forgery, theft, falsifying business records, violation of KRS 238.995(7), or any two (2) misdemeanor crimes in federal court or the courts of any state, the District of Columbia, or any territory, consistent with the provisions of KRS Chapter 335B within ten (10) years preceding the application for licensure.
- (5) No applicant shall be licensed unless all applicants required to be fingerprinted under the provision of subsection (3) of this section have been fingerprinted. The Department of Kentucky State Police may submit fingerprints of any applicant to the Federal Bureau of Investigation for the national criminal history background check. The corporation may by administrative regulation impose additional qualifications to meet the requirements of Pub. L. No. 92-544.
- (6) If a change occurs in any information submitted during the license application process, the applicant or licensee shall notify the office in writing within thirty (30) days of the date the change occurred.

➔Section 28. KRS 238.535 (Effective July 1, 2025) is amended to read as follows:

- (1) Any charitable organization conducting charitable gaming in the Commonwealth of Kentucky shall be licensed by the ~~corporation~~~~office~~. A charitable organization qualifying under subsection (12) of this section but not exceeding the limitations provided in this subsection shall be exempt from the licensure requirements when conducting the following charitable gaming activities:
 - (a) Bingo in which the gross receipts do not exceed a total of twenty-five thousand dollars (\$25,000) per year;
 - (b) A raffle or raffles for which the gross receipts do not exceed twenty-five thousand dollars (\$25,000) per year; and
 - (c) A charity fundraising event or events that do not involve special limited charitable games and the gross gaming receipts for which do not exceed twenty-five thousand dollars (\$25,000) per year.

However, at no time shall a charitable organization's total limitations under this subsection exceed twenty-five thousand dollars (\$25,000).

- (2) (a) Any charitable organization exempt from the process of applying for a license under subsection (1) of this section, shall notify the office in writing, on a simple form issued by the office, of its intent to engage in exempt charitable gaming and the address at which the gaming is to occur. Any charitable organization exempt from the process of applying for a license under subsection (1) of this section, shall comply with all other provisions of this chapter relating to the conduct of charitable gaming, except:
 1. Payment of the fee imposed under the provisions of KRS 238.570; and
 2. The quarterly reporting requirements imposed under the provisions of KRS 238.550(7), unless the exempt charitable organization obtains a retroactive license pursuant to subsection (9) of this section.
- (b) Before January 31 of the year immediately following the year of exemption, a charitable organization exempt from licensure under the provisions of subsection (1) of this section shall file a financial report with the office, on a form issued by the office, that contains the following information:

1. The type of gaming activity in which it engaged during that year;
 2. The total gross receipts derived from gaming;
 3. The amount of charitable gaming expenses paid;
 4. The amount of net receipts derived; and
 5. The disposition of those net receipts.
- (3) An exemption that has been granted to a charitable organization for the preceding calendar year shall be automatically renewed on January 1 of the following year.
 - (4) If upon receipt of the financial report the office determines that the information appearing on the financial report renders the charitable organization ineligible to possess an exemption, the office shall notify the charitable organization that its exemption is rescinded. The organization may request an appeal of this rescission pursuant to KRS 238.565.
 - (5) If the annual financial report is not received by January 31, the exemption is automatically rescinded unless an extension of no more than thirty (30) days is granted by the office. The organization may request an appeal of this rescission pursuant to KRS 238.565.
 - (6) If an exemption is revoked because an organization has exceeded the limit imposed in subsection (1) of this section, the organization shall apply for a retroactive license in accordance with subsection (7) of this section.
 - (7) If an organization exceeds the limit imposed by any subsection of this section it shall:
 - (a) Report the amount to the office; and
 - (b) Apply for a retroactive charitable gaming license.
 - (8) Upon receipt of a report and application for a retroactive charitable gaming license, the office shall investigate to determine if the organization is otherwise qualified to hold the license.
 - (9) If the office determines that the applicant is qualified, it shall issue a charitable gaming license retroactive to the date on which the exemption limit was exceeded. The retroactive charitable gaming license shall be issued in the same manner as regular charitable gaming licenses.
 - (10) If the office determines that the applicant is not qualified it shall deny the license and take enforcement action, if appropriate.
 - (11) Once a retroactive or regular gaming license is issued to an organization, that organization shall not be eligible for exempt status in the future and shall maintain a charitable gaming license if it intends to continue charitable gaming activities, unless the charitable organization has not exceeded the exemption limitations of subsection (1) of this section for a period of two (2) years prior to its exemption request.
 - (12) (a) In order to qualify for licensure, a charitable organization shall:
 1. a. Possess a tax exempt status under 26 U.S.C. secs. 501(c)(3), 501(c)(4), 501(c)(8), 501(c)(10), or 501(c)(19), or be covered under a group ruling issued by the Internal Revenue Service under authority of those sections; or
 - b. Be organized within the Commonwealth of Kentucky ***as a local school district***, as a common school as defined in KRS 158.030, as an institution of higher education as defined in KRS 164A.305, or as a state college or university as provided for in KRS 164.290. ***A common school, a program or organization affiliated with a common school, or any combination of common schools and programs affiliated with common schools located within a local school district may conduct charitable gaming under the local school district's charitable gaming license;***
 2. Have been established and continuously operating within the Commonwealth of Kentucky for charitable purposes, other than the conduct of charitable gaming, for a period of three (3) years prior to application for licensure. For purposes of this paragraph, an applicant shall demonstrate establishment and continuous operation in Kentucky by its conduct of charitable activities from an office physically located within Kentucky both during the three (3) years immediately preceding its application for licensure and at all times during which it possesses a charitable gaming license. However, a charitable organization that operates for charitable purposes in more

than ten (10) states and whose principal place of business is physically located in a state other than Kentucky may satisfy the requirements of this paragraph if it can document that it has:

- a. Been actively engaged in charitable activities and has made reasonable progress, as defined in subparagraph 3. of this paragraph, in the conduct of charitable activities or the expenditure of funds within Kentucky for a period of three (3) years prior to application for licensure; and
 - b. Operated for charitable purposes from an office or place of business in the Kentucky county where it proposes to conduct charitable gaming for at least one (1) year prior to application for licensure, in accordance with subparagraph 4. of this paragraph and paragraph (c) of this subsection;
3. Have been actively engaged in charitable activities during the three (3) years immediately prior to application for licensure and be able to demonstrate, to the satisfaction of the office, reasonable progress in accomplishing its charitable purposes during this period. As used in this paragraph, "reasonable progress in accomplishing its charitable purposes" means the regular and uninterrupted conduct of activities within the Commonwealth or the expenditure of funds within the Commonwealth to accomplish relief of poverty, advancement of education, protection of health, relief from disease, relief from suffering or distress, protection of the environment, conservation of wildlife, advancement of civic, governmental, or municipal purposes, or advancement of those purposes delineated in KRS 238.505(3). In order to demonstrate reasonable progress in accomplishing its charitable purposes when applying to renew an existing license, a licensed charitable organization shall additionally provide to the office a detailed accounting regarding its expenditure of charitable gaming net receipts for the purposes described in this paragraph; and
 4. Have maintained an office or place of business, other than for the conduct of charitable gaming, for at least one (1) year in the county in which charitable gaming is to be conducted. The office or place of business shall be a separate and distinct address and location from that of any other licensee of the Office of Charitable Gaming; except that up to three (3) licensed charitable organizations may have the same address if they legitimately share office space.
- (b) 1. A charitable organization that has established and maintained an office or place of business in the county for a period of at least one (1) year may hold a raffle drawing or a charity fundraising event, including special limited charity fundraising events, in a Kentucky county other than that in which the organization's office or place of business is located.
 2. For raffles, the organization shall notify the Office of Charitable Gaming in writing of the organization's intent to change the drawing's location at least thirty (30) days before the drawing takes place. This written notification:
 - a. May be transmitted in any commercially reasonable means, authorized by the office, including facsimile and electronic mail; and
 - b. Shall set out the place and the county in which the drawing will take place.

Approval by the office shall be received prior to the conduct of the raffle drawing at the new location.
 - (c) Any charitable organization that was registered with the county clerk to conduct charitable gaming in a county on or before March 31, 1992, shall satisfy the requirement contained in paragraph (a)4. of this subsection if it maintained a place of business or operation, other than for the conduct of charitable gaming, for one (1) year prior to application in a Kentucky county adjoining the county in which they were registered.
- (13) In applying for a license, the information to be submitted shall include but not be limited to the following:
 - (a) The name and address of the charitable organization;
 - (b) The date of the charitable organization's establishment in the Commonwealth of Kentucky and the date of establishment in the county or counties in which charitable gaming is to be conducted;
 - (c) A statement of the charitable purpose or purposes for which the organization was organized. If the charitable organization is incorporated, a copy of the articles of incorporation shall satisfy this requirement;

- (d) A statement explaining the organizational structure and management of the organization. For incorporated entities, a copy of the organizations' bylaws shall satisfy this requirement;
 - (e) A detailed accounting of the charitable activities in which the charitable organization has been engaged for the three (3) years preceding application for licensure;
 - (f) The names, addresses, dates of birth, and Social Security numbers of all officers of the organization;
 - (g) The names, addresses, dates of birth, and Social Security numbers of all employees and members of the charitable organization who will be involved in the management and supervision of charitable gaming. No fewer than two (2) employees or members of the charitable organization who are involved in the management and supervision of charitable gaming, along with the chief executive officer or the director of the applicant organization, shall be designated as chairpersons;
 - (h) The address of the location at which charitable gaming will be conducted and the name and address of the owner of the property, if it is owned by a person other than the charitable organization;
 - (i) A copy of the letter or other legal document issued by the Internal Revenue Service to grant tax-exempt status;
 - (j) A statement signed by the presiding or other responsible officer of the charitable organization attesting that the information submitted in the application is true and correct and that the organization agrees to comply with all applicable laws and administrative regulations regarding charitable gaming;
 - (k) An agreement that the charitable organization's records may be released by the Federal Internal Revenue Service to the office; and
 - (l) Any other information the office deems appropriate.
- (14) (a) An organization or a group of individuals that does not meet the licensing requirements of subsection (12) of this section may hold a raffle if:
- 1. The gross receipts do not exceed five hundred dollars (\$500);
 - 2. All proceeds from the raffle are distributed to a charitable organization; and
 - 3. The organization or group of individuals holds no more than three (3) raffles each year;
- and shall be exempt from complying with the notification, application, and reporting requirements of subsections (2) and (13) of this section.
- (b) An organization or a group of individuals that does not meet the licensing requirements of subsection (12) of this section may hold a raffle if:
- 1. The organization holds a special event raffle license issued by the office and complies with the regulatory requirements in this chapter, including but not limited to the quarterly reporting requirements of KRS 238.550(7), the retention requirements of KRS 238.536, and payment of the fee imposed by KRS 238.570;
 - 2. The organization possesses a tax-exempt status under 26 U.S.C. sec. 501(c)(7);
 - 3. The organization holds no more than twelve (12) raffles per year;
 - 4. Each raffle complies with the office's raffle standards in KRS 238.545 and administrative regulations promulgated thereunder and is approved by the office in writing prior to the sale of the first raffle ticket;
 - 5. The gross receipts of each raffle do not exceed five hundred thousand dollars (\$500,000); and
 - 6. One hundred percent (100%) of the net receipts of each raffle shall be distributed to a charitable organization licensed by the office pursuant to subsection (12) of this section to conduct charitable gaming as follows:
 - a. All distributed net receipts shall be maintained by the recipient licensed charitable organization in a separate account to be designated as the "raffle recipient account";
 - b. All distributed net receipts shall be expended by the recipient licensed charitable organization to further the charitable purpose of the recipient licensed charitable organization as required by KRS 238.550(4); and

- c. All distributed net receipts, and the expenditure thereof, shall be reported to the office and be subject to the office's auditing and investigative authority consistent with the provisions of this chapter.
- (c) An applicant qualifying under paragraph (b) of this subsection shall submit an application for a special event raffle license, and the information to be submitted shall include but not be limited to the following:
 - 1. The name and address of the organization;
 - 2. The date of the organization's establishment in the Commonwealth of Kentucky and the date of the organization's establishment in the county or counties in which charitable gaming is to be conducted;
 - 3. A statement of the purpose or purposes for which the organization was organized and identification of the licensed charitable organization to which the applicant will distribute its net receipts. If the organization is incorporated, a copy of the articles of incorporation shall satisfy this requirement;
 - 4. A statement explaining the organizational structure and management of the organization. For incorporated entities, a copy of the organization's bylaws shall satisfy this requirement;
 - 5. The names, addresses, dates of birth, and Social Security numbers of all officers of the organization;
 - 6. The names, addresses, dates of birth, and Social Security numbers of all employees and members of the organization who will be involved in the management and supervision of charitable gaming. No fewer than two (2) employees or members of the organization who are involved in the management and supervision of charitable gaming, along with the chief executive officer or the director of the applicant organization, shall be designated as chairpersons;
 - 7. The address of the location at which charitable gaming will be conducted and the name and address of the owner of the property, if it is owned by a person other than the organization;
 - 8. A copy of the letter or other legal document issued by the Internal Revenue Service to grant tax-exempt status;
 - 9. A statement signed by the presiding or other responsible officer of the organization attesting that the information submitted in the application is true and correct and that the organization agrees to comply with all applicable laws and administrative regulations regarding charitable gaming;
 - 10. An agreement that the organization's records may be released by the federal Internal Revenue Service to the office; and
 - 11. Any other information as determined by the corporation through the promulgation of administrative regulations.
- (15) The office may issue a license for a specified period of time, based on the type of charitable gaming involved and the desired duration of the activity.
- (16) The office shall charge a fee for each license issued and renewed, not to exceed three hundred dollars (\$300). Specific fees to be charged ~~may shall~~ be prescribed in a graduated scale promulgated by administrative regulations **of the corporation** and based on type of license, type of charitable gaming, actual or projected gross receipts, or other applicable factors, or combination of factors.
- (17) (a) A licensed charitable organization may place its charitable gaming license in escrow if:
 - 1. The licensee notifies the office in writing that it desires to place its license in escrow; and
 - 2. The license is in good standing and the office has not initiated disciplinary action against the licensee.
- (b) During the escrow period, the licensee shall not engage in charitable gaming, and the escrow period shall not be included in calculating the licensee's retention rate under KRS 238.536.
- (c) A charitable organization may apply for reinstatement of its active license and the license shall be reinstated provided:
 - 1. The charitable organization continues to qualify for licensure;

2. The charitable organization has not engaged in charitable gaming during the escrow period; and
3. The charitable organization pays a reinstatement fee established by the office.

➔ Section 29. KRS 238.545 (Effective July 1, 2025) is amended to read as follows:

- (1) A licensed charitable organization shall be limited by the following:
 - (a) In the conduct of bingo, to one (1) session per day, two (2) sessions per week, for a period not to exceed five (5) consecutive hours in any day and not to exceed ten (10) total hours per week:
 1. No licensed charitable organization shall conduct bingo at more than one (1) location during the same twenty-four (24) hour period;
 2. No licensed charitable organization shall award prizes for bingo that exceed five thousand dollars (\$5,000) in fair market value per twenty-four (24) hour period, including the value of door prizes; and
 3. No person under the age of eighteen (18) shall be permitted to purchase bingo supplies or play bingo unless he or she is playing for noncash prizes and is accompanied by a parent or legal guardian and only if the value of any noncash prize awarded does not exceed ten dollars (\$10);
 - (b)
 1. A licensed charitable organization may provide card-minding devices for use by players of bingo games.
 2. If a licensed charitable organization offers card-minding devices for use by players, the devices shall be capable of being used in conjunction with bingo cards or paper sheets at all times.
 3. ***Subject to the authority of the corporation,*** the office shall have broad authority to define and regulate the use of card-minding devices and the corporation ~~may~~~~shall~~ promulgate an administrative regulation concerning use and control of them;
 - (c) Charity game tickets shall be sold only at the address of the location designated on the license to conduct charitable gaming;
 - (d) Charity game tickets may be sold, with prior approval of the office:
 1. At any authorized special charity fundraising event conducted by a licensed charitable organization at any off-site location; or
 2. By a licensed charitable organization possessing a special limited charitable gaming license at any off-site location; and
 - (e) An automated charity game ticket dispenser may be utilized by a licensed charitable organization, with the prior approval of the office, only at the address of the location designated on the license to conduct charitable gaming. The corporation ~~may~~~~shall~~ promulgate administrative regulations regulating the use and control of approved automated charity game ticket dispensers.
- (2)
 - (a) No prize for an individual charity game ticket shall exceed five hundred ninety-nine dollars (\$599) in value, not including the value of cumulative or carryover prizes awarded in seal card games.
 - (b) Cumulative or carryover prizes in seal card games shall not exceed two thousand four hundred dollars (\$2,400).
 - (c) Information concerning rules of the particular game and prizes that are to be awarded in excess of fifty dollars (\$50) in each separate package or series of packages with the same serial number and all rules governing the handling of cumulative or carryover prizes in seal card games shall be posted prominently in an area where charity game tickets are sold. A legible poster that lists prizes to be awarded, and on which prizes actually awarded are posted at the completion of the sale of each separate package shall satisfy this requirement.
 - (d) Any unclaimed money or prize shall return to the charitable organization.
 - (e) No paper charity game ticket shall be sold in the Commonwealth of Kentucky that does not conform to the standards for opacity, randomization, minimum information, winner protection, color, and cutting established by the office.

- (f) No electronic pulltab device representation of a charity game ticket shall be sold in the Commonwealth of Kentucky that does not conform to the construction standards set forth in an administrative regulation promulgated by the corporation. Electronic pulltab devices shall only be used for charitable gaming.
- (g) No person under the age of eighteen (18) shall be permitted to purchase, or open in any manner, a charity game ticket.
- (3)
 - (a) Tickets for a raffle shall be sold separately, and each ticket shall constitute a separate and equal chance to win.
 - (b) All raffle tickets shall be sold for the price stated on the ticket, and no person shall be required to purchase more than one (1) ticket or to pay for anything other than a ticket to enter a raffle.
 - (c) Raffle tickets and tickets for charity fundraising raffle games approved by the office which are offered exclusively at charity fundraising events and special limited charity fundraising events are not required to be sold separately and may be sold at discounted package rates.
 - (d) Raffle tickets shall have a unique identifier on each ticket.
 - (e) Winners shall be drawn at random at a date, time, and place announced in advance or printed on the ticket.
 - (f) All prizes for a raffle shall be identified in advance of the drawing and all prizes identified shall be awarded.
- (4) With respect to charity fundraising events, a licensed charitable organization shall be limited as follows:
 - (a) No licensed charitable organization shall conduct a charity fundraising event or a special limited charity fundraising event unless they have a license for the respective event issued by the office;
 - (b) No special license shall be required for any wheel game, such as a cake wheel, that awards only noncash prizes the value of which does not exceed one hundred dollars (\$100);
 - (c) The office may grant approval for a licensed charitable organization to play bingo games at a charity fundraising event. Cash prizes for bingo games played during a charity fundraising event may not exceed five thousand dollars (\$5,000) for the entire event. No person under the age of eighteen (18) shall be permitted to play bingo at a charity fundraising event unless accompanied by a parent or legal guardian;
 - (d) The office may grant approval for a licensed charitable organization to play special limited charitable games at a charity fundraising event authorized under this section. The office shall not grant approval for the playing of special limited charitable games under the provisions of a charity fundraising event license unless the proposed event meets the definition of a charity fundraising event held for community, social, or entertainment purposes apart from charitable gaming in accordance with KRS 238.505(8);
 - (e) Except for state, county, city fairs, and special limited charity fundraising events, a charity fundraising event license issued under this section shall not exceed seventy-two (72) consecutive hours. A licensed charitable organization shall not be eligible for more than eight (8) total charity fundraising event licenses per year, including two (2) special limited charity fundraising event licenses. No person under eighteen (18) years of age shall be allowed to play or conduct any special limited charitable game. ***Subject to the authority of the corporation,*** the office shall have broad authority to regulate the conduct of special limited charity fundraising events in accordance with the provisions of KRS 238.547; and
 - (f) Charity fundraising events may be held:
 - 1. On or in the premises of a licensed charitable organization;
 - 2. In a licensed charitable gaming facility, subject to restrictions contained in KRS 238.555(7); or
 - 3. At an unlicensed facility which shall be subject to the requirements stipulated in KRS 238.555(3), and subject to the restrictions contained in KRS 238.547(2).
- (5) Presentation of false, fraudulent, or altered identification by a minor shall be an affirmative defense in any disciplinary action or prosecution that may result from a violation of age restrictions contained in this section, if the appearance and character of the minor were such that his or her age could not be reasonably ascertained by other means.

➔ Section 30. KRS 238.565 (Effective July 1, 2025) is amended to read as follows:

- (1) A license holder may appeal any administrative action taken under KRS 238.560. A license holder shall be notified in writing of any action to be taken against him or her. The notification may be delivered in person or mailed by certified mail, return receipt requested, to the last known address of the license holder. Service of notification of administrative action, whether by hand delivery or by certified mail, shall be deemed complete if the license holder fails or refuses to accept delivery. For service by hand delivery, notification shall be deemed received upon acceptance of delivery or upon failure or refusal to accept delivery, and the person affecting service on behalf of the office shall record the fact of the failure or refusal. For service by certified mail, the notification of administrative action shall be deemed received when the license holder accepts delivery or fails or refuses to accept delivery at the last known address. The notification shall specify the charges against the license holder, specify the proposed administrative sanction, and advise the license holder of the right to appeal the decision within ten (10) days of the date of receipt of the notification.
- (2) Upon receipt of an appeal, the **corporation**~~board~~ shall schedule the matter for an administrative hearing that shall be conducted in accordance with KRS Chapter 13B.
- (3) Any provisions of KRS Chapter 13B notwithstanding, within twenty (20) days after the conclusion of a hearing, the hearing officer shall prepare and present to the **corporation**~~board~~ a recommended order based on findings of fact and conclusions of law. Within thirty (30) days of receipt of the recommended order, the **corporation**~~board~~ shall affirm, reject, or modify, in whole or in part, the recommended order and shall issue a final order. The final order shall be the final administrative action on the matter and a copy of the final order shall be mailed to the license holder, by certified mail, return receipt requested.
- (4) Pursuant to KRS 13B.120(7), the **corporation**~~board~~ shall automatically hear and issue a final order regarding any decision of the **corporation**~~office~~ that would otherwise be subject to appeal.
- (5) Any administrative action taken under this section shall, upon appeal, be stayed until a final order is issued, with the exception of a summary suspension. The **corporation**~~board~~ may issue an emergency order pursuant to KRS 13B.125 to summarily suspend a license upon finding that continued operation of the license holder pending a hearing would constitute a threat to the public health, safety, or welfare.
- (6) A final order of the **corporation**~~board~~ may be appealed to the Circuit Court of the county where the appellant works or resides in accordance with KRS Chapter 13B. If the license holder against whom administrative action is proposed does not request an appeal of the action, the **corporation**~~board~~ shall enter a final order imposing the proposed administrative action.

➔ Section 31. KRS 238.570 (Effective July 1, 2025) is amended to read as follows:

- (1) A fee is imposed on charitable gaming in the amount of fifty-three hundredths of one percent (0.53%) of gross receipts derived from all charitable gaming conducted by charitable organizations required to be licensed in the Commonwealth of Kentucky. ~~The amount of the fee shall be adjusted by October 1 of each odd-numbered year in accordance with subsection (3) of this section.~~ Each licensed charitable organization shall remit to the **corporation**~~office~~ all moneys due ~~as set forth in administrative regulations promulgated by the corporation~~. Failure by a licensed charitable organization to timely remit the fee required under this subsection upon notice of delinquency shall constitute grounds for disciplinary action in accordance with KRS 238.560.
- (2) The charitable gaming regulatory account is hereby created as a **corporate**~~revolving~~ account within the agency revenue fund and under the control of the Kentucky Horse Racing and Gaming Corporation. All revenues generated from the fee levied in subsection (1) of this section from license fees and from administrative fines imposed by the office shall be deposited in this account. Fund amounts attributable to the fee levied in subsection (1) of this section that are not expended at the close of a fiscal year shall not lapse but shall be carried forward to the next fiscal year.
- ~~(3) (a) No later than July 31 of each odd-numbered year, the Kentucky Horse Racing and Gaming Corporation shall determine:~~
 - ~~1. The amount of gross receipts during the prior biennium against which the fee collected under subsection (1) of this section was assessed; and~~
 - ~~2. The final budgeted amount as determined by the enacted budget for the upcoming biennium for the administration and enforcement of the provisions of this chapter. If a budget is not enacted, the amount shall be the corresponding amount in the last enacted budget.~~

~~(b) On October 1 of each odd numbered year, the fee assessed under subsection (1) of this section shall be proportionally adjusted by the Kentucky Horse Racing and Gaming Corporation. The new rate shall be calculated by multiplying one hundred ten percent (110%) by the amount determined in paragraph (a)2. of this subsection, and subtracting from that amount one half (1/2) of any remaining balance in the account. The total shall then be divided by the amount determined in paragraph (a)1. of this subsection. The result shall be expressed as a percentage and shall be rounded to the nearest thousandth of a percent (0.000%).]~~

➔ Section 32. KRS 18A.115 is amended to read as follows:

- (1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise all positions in the state service now existing or hereafter established, except the following:
 - (a) The General Assembly and employees of the General Assembly, including the employees of the Legislative Research Commission;
 - (b) Officers elected by popular vote and persons appointed to fill vacancies in elective offices;
 - (c) Members of boards and commissions;
 - (d) Officers and employees on the staff of the Governor, the Lieutenant Governor, the Office of the Secretary of the Governor's Cabinet, and the Office of Program Administration;
 - (e) Cabinet secretaries, commissioners, office heads, and the administrative heads of all boards and commissions, including the executive director of Kentucky Educational Television;
 - (f) Employees of Kentucky Educational Television who have been determined to be exempt from classified service by the Kentucky Authority for Educational Television, which shall have sole authority over such exempt employees for employment, dismissal, and setting of compensation, up to the maximum established for the executive director and his or her principal assistants;
 - (g) One (1) principal assistant or deputy for each person exempted under subsection (1)(e) of this section;
 - (h) One (1) additional principal assistant or deputy as may be necessary for making and carrying out policy for each person exempted under subsection (1)(e) of this section in those instances in which the nature of the functions, size, or complexity of the unit involved are such that the secretary approves such an addition on petition of the relevant cabinet secretary or department head and such other principal assistants, deputies, or other major assistants as may be necessary for making and carrying out policy for each person exempted under subsection (1)(e) of this section in those instances in which the nature of the functions, size, or complexity of the unit involved are such that the board may approve such an addition or additions on petition of the department head approved by the secretary. Effective August 1, 2010:
 1. All positions approved under this paragraph prior to August 1, 2010, shall be abolished effective December 31, 2010, unless reapproved under subparagraph 2. of this paragraph; and
 2. A position approved under this paragraph on or after August 1, 2010, shall be approved for a period of five (5) years, after which time the position shall be abolished unless reapproved under this subparagraph for an additional five (5) year period;
 - (i) Division directors subject to the provisions of KRS 18A.170. Division directors in the classified service as of January 1, 1980, shall remain in the classified service;
 - (j) Physicians employed as such;
 - (k) One (1) private secretary for each person exempted under subsection (1)(e), (g), and (h) of this section;
 - (l) The judicial department, referees, receivers, jurors, and notaries public;
 - (m) Officers and members of the staffs of state universities and colleges and student employees of such institutions; officers and employees of the Teachers' Retirement System; and officers, teachers, and employees of local boards of education;
 - (n) Patients or inmates employed in state institutions;
 - (o) Persons employed in a professional or scientific capacity to make or conduct a temporary or special inquiry, investigation, or examination on behalf of the General Assembly, or a committee thereof, or by authority of the Governor, and persons employed by state agencies for a specified, limited period to

provide professional, technical, scientific, or artistic services under the provisions of KRS 45A.690 to 45A.725;

- (p) Interim employees;
 - (q) Officers and members of the state militia;
 - (r) Department of Kentucky State Police troopers;
 - (s) University or college engineering students or other students employed part-time or part-year by the state through special personnel recruitment programs; provided that while so employed such aides shall be under contract to work full-time for the state after graduation for a period of time approved by the commissioner or shall be participants in a cooperative education program approved by the commissioner;
 - (t) Superintendents of state mental institutions, including heads of centers for individuals with an intellectual disability, and penal and correctional institutions as referred to in KRS 196.180(2);
 - (u) Staff members of the Kentucky Historical Society, if they are hired in accordance with KRS 171.311;
 - (v) County and Commonwealth's attorneys and their respective appointees;
 - (w) Chief district engineers and the state highway engineer;
 - (x) ~~Employees of veterinarians employed as such by~~ the Kentucky Horse Racing and Gaming Corporation;
 - (y) Employees of the Kentucky Peace Corps;
 - (z) Employees of the Council on Postsecondary Education;
 - (aa) Executive director of the Commonwealth Office of Technology;
 - (ab) Employees of Serve Kentucky;
 - (ac) Persons employed in certified teaching positions at the Kentucky School for the Blind and the Kentucky School for the Deaf;
 - (ad) Federally funded time-limited employees as defined in KRS 18A.005; and
 - (ae) Employees of the Department of Agriculture who are employed to support the Agricultural Development Board and the Kentucky Agricultural Finance Corporation.
- (2) Nothing in KRS 18A.005 to 18A.200 is intended, or shall be construed, to alter or amend the provisions of KRS 150.022 and 150.061.
 - (3) Nothing in KRS 18A.005 to 18A.200 is intended or shall be construed to affect any nonmanagement, nonpolicy-making position which must be included in the classified service as a prerequisite to the grant of federal funds to a state agency.
 - (4) Career employees within the classified service promoted to positions exempted from classified service shall, upon termination of their employment in the exempted service, revert to a position in that class in the agency from which they were terminated if a vacancy in that class exists. If no such vacancy exists, they shall be considered for employment in any vacant position for which they were qualified pursuant to KRS 18A.130 and 18A.135.
 - (5) Nothing in KRS 18A.005 to 18A.200 shall be construed as precluding appointing officers from filling unclassified positions in the manner in which positions in the classified service are filled except as otherwise provided in KRS 18A.005 to 18A.200.
 - (6) The positions of employees who are transferred, effective July 1, 1998, from the Cabinet for Workforce Development to the Kentucky Community and Technical College System shall be abolished and the employees' names removed from the roster of state employees. Employees that are transferred, effective July 1, 1998, to the Kentucky Community and Technical College System under KRS Chapter 164 shall have the same benefits and rights as they had under KRS Chapter 18A and have under KRS 164.5805; however, they shall have no guaranteed reemployment rights in the KRS Chapter 151B or KRS Chapter 18A personnel systems. An employee who seeks reemployment in a state position under KRS Chapter 151B or KRS Chapter

18A shall have years of service in the Kentucky Community and Technical College System counted towards years of experience for calculating benefits and compensation.

- (7) On August 15, 2000, all certified and equivalent personnel, all unclassified personnel, and all certified and equivalent and unclassified vacant positions in the Department for Adult Education and Literacy shall be transferred from the personnel system under KRS Chapter 151B to the personnel system under KRS Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel system. All records shall be transferred including accumulated annual leave, sick leave, compensatory time, and service credit for each affected employee. The personnel officers who administer the personnel systems under KRS Chapter 151B and KRS Chapter 18A shall exercise the necessary administrative procedures to effect the change in personnel authority. No certified or equivalent employee in the Department for Adult Education and Literacy shall suffer any penalty in the transfer.
- (8) On August 15, 2000, secretaries and assistants attached to policymaking positions in the Department for Technical Education and the Department for Adult Education and Literacy shall be transferred from the personnel system under KRS Chapter 151B to the personnel system under KRS Chapter 18A. The positions shall be deleted from the KRS Chapter 151B system. All records shall be transferred including accumulated annual leave, sick leave, compensatory time, and service credit for each affected employee. No employee shall suffer any penalty in the transfer.
- (9) On May 1, 2017, all contract employees of Eastern Kentucky University who are engaged in providing instructional and support services to the Department of Criminal Justice Training shall be transferred to the personnel system under KRS Chapter 18A. All records shall be transferred, including accumulated annual leave, sick leave, compensatory time, and service credit for each affected employee. The personnel officers who administer the personnel systems for Eastern Kentucky University and under KRS Chapter 18A shall exercise the necessary administrative procedures to effect the change in personnel authority. No employee shall suffer any penalty in the transfer.
- (10) On July 1, 2024, all employees of the Louisville and Jefferson County Public Defender Corporation shall be transferred to the personnel system under KRS Chapter 18A. Records of each employee's job classification, compensation, dates of employment, dates of professional licensure, probationary status, accumulated leave balances by category, months of service, and any other information necessary under KRS Chapter 18A shall be transferred. The personnel officers who administer the personnel systems for the Louisville and Jefferson County Public Defender Corporation and under KRS Chapter 18A shall exercise the necessary administrative procedures to effect the change in the personnel authority. No employee shall suffer any penalty in the transfer.

➔Section 33. 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 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.
- (b) Beginning August 1, 2022, the excise tax imposed on all tracks conducting pari-mutuel wagering on live racing under jurisdiction of the corporation shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.
- (c) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting pari-mutuel wagering on historical horse races under the jurisdiction of the corporation at a rate of one and one-half percent (1.5%) of all money wagered on historical horse races at the track during the fiscal year.
- (d) Money shall be deducted from the tax paid under paragraphs (a), (b), and (c) of this subsection and deposited as follows:
 1. a. Before August 1, 2022, an amount equal to three-quarters of one percent (0.75%) of all money wagered on live races and historical horse races at the track for Thoroughbred

racing shall be deposited in the Thoroughbred development fund established in KRS 230.400; and

- b. Beginning August 1, 2022, an amount equal to three-quarters of one percent (0.75%) of all money wagered on live races and historical horse races at the track for Thoroughbred racing shall be deposited in the Thoroughbred development fund established in KRS 230.400 until forty-five million dollars (\$45,000,000) has been deposited during a fiscal year, at which point the amount deposited in the fund shall decrease to four-tenths of one percent (0.4%) of all money wagered on live and historical horse races at the track for Thoroughbred racing for the remainder of the fiscal year;
2. a. Before August 1, 2022, an amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for harness racing shall be deposited in the Kentucky standardbred development fund established in KRS 230.770. Beginning August 1, 2022, an amount equal to one percent (1%) of all money wagered on live races at the track for harness racing shall be deposited in the Kentucky standardbred development fund until a total of twenty million dollars (\$20,000,000) has been deposited during a fiscal year from this subparagraph, at which point the amount deposited shall decrease to four-tenths of one percent (0.4%) of all money wagered for the remainder of the fiscal year; and
 - b. Beginning August 1, 2022, an amount equal to one percent (1%) of all money wagered on historical horse races at the track for harness racing shall be distributed in the exact amounts based upon contracts between the parties that have been filed with the corporation, but at least one-half (1/2) of the funds shall be deposited into the Kentucky standardbred development fund established in KRS 230.770 until a total of twenty million dollars (\$20,000,000) has been deposited into the Kentucky standardbred development fund during a fiscal year from this subparagraph, at which point the amount deposited in this subdivision shall decrease to four-tenths of one percent (0.4%) of all money wagered for the remainder of the fiscal year. The corporation shall provide the department all information necessary from the contracts in order for the funds in this subparagraph to be distributed;
3. a. An amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for ~~quarter horse,~~ paint horse, Appaloosa, and Arabian horse racing shall be deposited in the Kentucky ~~quarter horse,~~ paint horse, Appaloosa, and Arabian development fund established by KRS 230.445; **and**
 - b. ***An amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for quarter horse racing shall be deposited in the Kentucky quarter horse development fund established by Section 13 of this Act;***
4. An amount equal to two-tenths of one percent (0.2%) of all money wagered on live races and historical horse races at the track shall be paid out in equal amounts as follows:
 - a. To the equine industry program trust and revolving fund established by KRS 230.550 to support the Equine Industry Program at the University of Louisville, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed eight hundred fifty thousand dollars (\$850,000);
 - b. To the University of Kentucky for equine industry programs at the university, except that the amount paid from money wagered on historical horse races in any fiscal year shall not exceed four hundred thousand dollars (\$400,000);
 - c. To the Bluegrass Community and Technical College for the provision of equine industry programs by the system, except that the amount paid from money wagered on historical horse races in any fiscal year shall not exceed two hundred fifty thousand dollars (\$250,000);
 - d. Amounts remaining from money wagered on historical horse races in a fiscal year after payments are made in accordance with subdivisions a., b., and c. of this subparagraph shall be distributed in equal amounts to:

- i. The Kentucky Horse Racing and Gaming Corporation for the benefit of Thoroughbred, standardbred, and American quarter horse aftercare facilities in Kentucky, in an amount not to exceed two hundred fifty thousand dollars (\$250,000). The Kentucky Horse Racing and Gaming Corporation shall serve as the administrative agent for these funds, and shall distribute them annually to organizations engaged in the accreditation and monitoring of aftercare facilities. Any funds distributed under this subpart by the Kentucky Horse Racing and Gaming Corporation shall be awarded to aftercare facilities based in Kentucky only after the facilities have achieved and maintained levels of service and operation that resulted in national accreditation; and
 - ii. The Kentucky equine management internship program for equine management training, in an amount not to exceed two hundred fifty thousand dollars (\$250,000); and
- e. Any amounts remaining from money wagered on historical horse races in a fiscal year after payments are made in accordance with subdivisions a., b., c., and d. of this subparagraph shall be paid to the general fund;
- 5.
 - a. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities and the Bluegrass Community and Technical College, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).
 - b. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subparagraph shall not replace other funds for capital purposes or operation of equine programs at state universities and the Bluegrass Community and Technical College.
 - c. The Kentucky Council on Postsecondary Education shall serve as the administrative agent for these funds, and shall establish an advisory committee of interested parties, including all universities and the Bluegrass Community and Technical College with established equine programs, to evaluate proposals and make recommendations for the awarding of funds.
 - d. The Kentucky Council on Postsecondary Education may promulgate administrative regulations to establish procedures for administering the program and criteria for evaluating and awarding grants; and
- 6. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races shall be distributed to the corporation to support equine drug testing as provided in KRS 230.265(3), except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).
- (e) The excise tax imposed by paragraphs (a) and (b) of this subsection shall not apply to pari-mutuel wagering on live harness racing at a county fair.
- (2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is imposed on:
 - 1. All tracks conducting telephone account wagering;
 - 2. All tracks participating as receiving tracks in intertrack wagering under the jurisdiction of the corporation; and
 - 3. All tracks participating as receiving tracks displaying simulcasts and conducting interstate wagering thereon.
- (b)
 - 1. Before August 1, 2022, the tax shall be three percent (3%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.
 - 2. Beginning August 1, 2022, the tax shall be one and one-half percent (1.5%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.

- (c) A noncontiguous track facility approved by the corporation on or after January 1, 1999, shall be exempt from the tax imposed under this subsection, if the facility is established and operated by a licensed track which has a total annual handle on live racing of two hundred fifty thousand dollars (\$250,000) or less. The amount of money exempted under this paragraph shall be retained by the noncontiguous track facility, KRS 230.3771 and 230.378 notwithstanding.
 - (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of this subsection as follows:
 - 1. An amount equal to one percent (1%) of the amount wagered shall be deposited as follows:
 - a. In the Thoroughbred development fund established in KRS 230.400 if the host track is conducting a Thoroughbred race meeting or the interstate wagering is conducted on a Thoroughbred race meeting;
 - b. In the Kentucky standardbred development fund established in KRS 230.770, if the host track is conducting a harness race meeting or the interstate wagering is conducted on a harness race meeting;~~[-or]~~
 - c. In the Kentucky~~[-quarter horse,]~~ paint horse, Appaloosa, and Arabian development fund established by KRS 230.445, if the host track is conducting a~~[-quarter horse,]~~ paint horse, Appaloosa, or Arabian horse race meeting or the interstate wagering is conducted on a~~[-quarter horse,]~~ paint horse, Appaloosa, or Arabian horse race meeting; **or**
 - d. ***In the Kentucky quarter horse development fund established by Section 13 of this Act, if the host track is conducting a quarter horse race meeting or the interstate wagering is conducted on a quarter horse race meeting;***
 - 2. An amount equal to twenty-five thousandths of one percent (0.025%) of the amount wagered shall be allocated to the equine industry program trust and revolving fund established by KRS 230.550 to be used to support the Equine Industry Program at the University of Louisville;
 - 3. An amount equal to one-twentieth of one percent (0.05%) of the amount wagered shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities, as detailed in subsection (1)(d)5. of this section; and
 - 4. An amount equal to one-twentieth of one percent (0.05%) of the amount wagered shall be distributed to the corporation to support equine drug testing as provided in KRS 230.265(3).
 - (3) If a host track in this state is the location for the conduct of a two (2) day international horse racing event that distributes in excess of a total of twenty million dollars (\$20,000,000) in purses and awards:
 - (a) The excise tax imposed by subsection (1)(a) and (b) of this section shall not apply to money wagered at the track on live races conducted at the track during the two (2) day international horse racing event; and
 - (b) Amounts wagered at the track on live races conducted at the track during the two (2) day international horse racing event shall not be included in calculating the daily average live handle for purposes of subsection (1) of this section.
 - (4) If a host track in this state is the location for the conduct of an international harness racing event spanning multiple days that distributes at least five million dollars (\$5,000,000) in purses and awards, the Tourism, Arts and Heritage Cabinet shall be granted a race title sponsorship and promotional package at the international harness racing event with all usual and customary benefits assigned to promote Kentucky tourism. The Tourism, Arts and Heritage Cabinet shall not be charged any fees for the promotional package.
 - (5) The taxes imposed by this section shall be paid, collected, and administered as provided in KRS 138.530.
- ➔Section 34. KRS 68.182 is amended to read as follows:
- (1) Occupational license fees levied under KRS 67.083, 68.180, and 68.197 by the fiscal court of a county, consolidated local government, urban-county government, charter county government, or unified local government may apply to racetrack extensions.
 - (2) As used in this section:
 - (a) "Historical horse race" has the same meaning as in KRS 138.511; and

- (b) 1. "Racetrack extension" means any facility:
 - a. Owned, leased, or purchased by an association licensed by the Kentucky Horse Racing and Gaming Corporation under KRS 230.300;
 - b. That meets the definition of "track" under KRS 230.210~~(37)(35)~~(c); and
 - c. Where pari-mutuel wagering on historical horse races is conducted on terminals approved by the Kentucky Horse Racing and Gaming Corporation.
- 2. "Racetrack extension" does not include a facility or real property used for training horses or at which live horse races are run for stakes, purses, or prizes under the jurisdiction of the Kentucky Horse Racing and Gaming Corporation.

➔Section 35. KRS 91.202 is amended to read as follows:

- (1) Occupational license fees levied under KRS 91.200 by the legislative body of a city of the first class may apply to racetrack extensions.
- (2) As used in this section:
 - (a) "Historical horse race" has the same meaning as in KRS 138.511; and
 - (b) 1. "Racetrack extension" means any facility:
 - a. Owned, leased, or purchased by an association licensed by the Kentucky Horse Racing and Gaming Corporation under KRS 230.300;
 - b. That meets the definition of "track" under KRS 230.210~~(37)(35)~~(c); and
 - c. Where pari-mutuel wagering on historical horse races is conducted on terminals approved by the Kentucky Horse Racing and Gaming Corporation.
 - 2. "Racetrack extension" does not include a facility or real property used for training horses or at which live horse races are run for stakes, purses, or prizes under the jurisdiction of the Kentucky Horse Racing and Gaming Corporation.

➔Section 36. KRS 92.282 is amended to read as follows:

- (1) Occupational license fees levied under KRS 92.281 by the legislative body of a city may apply to racetrack extensions.
- (2) As used in this section:
 - (a) "Historical horse race" has the same meaning as in KRS 138.511; and
 - (b) 1. "Racetrack extension" means any facility:
 - a. Owned, leased, or purchased by an association licensed by the Kentucky Horse Racing and Gaming Corporation under KRS 230.300;
 - b. That meets the definition of "track" under KRS 230.210~~(37)(35)~~(c); and
 - c. Where pari-mutuel wagering on historical horse races is conducted on terminals approved by the Kentucky Horse Racing and Gaming Corporation.
 - 2. "Racetrack extension" does not include a facility or real property used for training horses or at which live horse races are run for stakes, purses, or prizes under the jurisdiction of the Kentucky Horse Racing and Gaming Corporation.

➔Section 37. KRS 230.218 is amended to read as follows:

- (1) There is established, under the jurisdiction of the Kentucky Horse Racing and Gaming Corporation, the backside improvement fund. This revolving fund shall consist of money allocated to the fund under the provisions of KRS 230.3615, together with any other money which may be contributed to or allocated to the fund from all other sources. Money to the credit of the backside improvement fund at the end of each fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year. The Kentucky Horse Racing and Gaming Corporation may invest any and all funds received by the fund and interest earned by the investment of said funds in types of investments appropriate to the investment needs of the fund after having considered the financial return on authorized investment alternatives, the financial safety of investment alternatives and the impact of any authorized investments on the state's economy. The corporation shall review

the status of the fund investments quarterly and report its findings to the Finance and Administration Cabinet and the Legislative Research Commission.

- (2) The purpose of the fund shall be to improve the backside of Thoroughbred racing associations averaging one million two hundred thousand dollars (\$1,200,000) or less pari-mutuel handle per racing day on live racing. The Kentucky Horse Racing and Gaming Corporation shall use the backside improvement fund to promote, enhance, and improve the conditions of the backside of eligible racing associations. Conditions considered shall include but not be limited to the living and working quarters of backside employees.
- (3) The Kentucky Horse Racing and Gaming Corporation ~~may~~**shall** promulgate administrative regulations **in accordance with KRS Chapter 13A**~~as may be necessary~~ to carry out the provisions and purposes of this section.

➔Section 38. KRS 230.260 is amended 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 solely on the ground of race, color, creed, national origin, ancestry, or sex;
- (2) The corporation is vested with jurisdiction over any person or entity that offers advance deposit account wagering to Kentucky residents. Any such person or entity under the jurisdiction of the corporation shall be licensed by the corporation, and the corporation may impose a license fee not to exceed ten thousand dollars (\$10,000) annually. The corporation ~~may~~**shall**, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish conditions and procedures for the licensing of advance deposit account wagering providers to include but not be limited to:
 - (a) A fee schedule for applications for licensure; and
 - (b) Reporting requirements to include quarterly reporting on:
 1. The amount wagered on Kentucky races; and
 2. The total amount wagered by Kentuckians;
- (3) The corporation is vested with jurisdiction over any ~~totalizator~~**totalisator** company that provides ~~totalizator~~**totalisator** services to a racing association located in the Commonwealth. A ~~totalizator~~**totalisator** company under the jurisdiction of the corporation shall be licensed by the corporation, regardless of whether a ~~totalizator~~**totalisator** company is located in the Commonwealth or operates from a location or locations outside of the Commonwealth, and the corporation may impose a license fee on a ~~totalizator~~**totalisator** company. The corporation ~~may~~**shall**, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish conditions and procedures for the licensing of ~~totalizator~~**totalisator** companies, and a fee schedule for applications for licensure;
- (4) The corporation is vested with jurisdiction over any manufacturer, wholesaler, distributor, or vendor of any equine drug, medication, therapeutic substance, or metabolic derivative which is purchased by or delivered to a licensee or other person participating in Kentucky horse racing by means of the internet, mail delivery, in-person delivery, or other means;
- (5) The corporation is vested with jurisdiction over any horse training center or facility in the Commonwealth that records official timed workouts for publication;
- (6) The corporation may require an applicant for a license under subsection (2) or (3) of this section to submit to a background check of the applicant, or of any individual or organization associated with the applicant. An applicant shall be required to reimburse the corporation for the cost of any background check conducted;

- (7) The corporation, its representatives and employees, may visit, investigate, and have free access to the office, track, facilities, or other places of business of any licensee, or any person owning a horse or performing services regulated by this chapter on a horse registered to participate in a breeders incentive fund under the jurisdiction of the corporation;
- (8) The corporation ~~may~~~~shall have full authority to~~ prescribe necessary and reasonable administrative regulations and conditions under which horse racing at a horse race meeting shall be conducted in this state and to fix and regulate the minimum amount of purses, stakes, or awards to be offered for the conduct of any horse race meeting;
- (9) Applications for licenses ~~may~~~~shall~~ be made in the form and manner and contain information as required by the corporation through the promulgation of administrative regulations. Fees for all licenses issued under KRS 230.310 shall be prescribed by and paid to the corporation;
- (10) The corporation ~~may~~~~shall~~ establish by administrative regulation minimum fees for jockeys to be effective in the absence of a contract between an employing owner or trainer and a jockey. The minimum fees shall be no less than those of July 1, 1985;
- (11) The corporation may refuse to issue or renew a license, revoke or suspend a license, impose probationary conditions on a license, issue a written reprimand or admonishment, impose fines or penalties, deny purse money, require the forfeiture of purse money, or any combination thereof with regard to a licensee or other person participating in Kentucky horse racing for violation of any federal or state statute, regulation, or steward's or corporation's directive, ruling, or order to preserve the integrity of Kentucky horse racing or to protect the racing public. The corporation ~~may~~~~shall~~, by administrative regulation, establish the criteria for taking the actions described in this subsection;
- (12) The corporation may issue subpoenas for the attendance of witnesses before it and for the production of documents, records, papers, books, supplies, devices, equipment, and all other instrumentalities related to live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, within the Commonwealth. The corporation may administer oaths to witnesses and require witnesses to testify under oath whenever, in the judgment of the corporation, it is necessary to do so for the effectual discharge of its duties;
- (13) The corporation shall have authority to compel any racing association licensed under this chapter to file with the corporation at the end of its fiscal year, a balance sheet, showing assets and liabilities, and an earnings statement, together with a list of its stockholders or other persons holding a beneficial interest in the association;
- (14) The corporation ~~may~~~~shall~~ promulgate administrative regulations establishing safety standards for jockeys, which shall include the use of rib protection equipment. Rib protection equipment shall not be included in a jockey's weight;
- (15)
 - (a) The corporation ~~may~~~~shall~~ promulgate administrative regulations establishing a self-exclusion list for individuals who self-identify as being problem or compulsive gamblers.
 - (b) Self-exclusion information collected by each racing association shall be forwarded to the corporation, and the information from the racing associations shall be compiled into a comprehensive list that shall be provided to all racing associations.
 - (c) Pursuant to KRS 61.878(1)(a), information collected under this subsection shall be excluded from the application of KRS 61.870 to 61.884;
- (16)
 - (a) The corporation ~~may~~~~shall~~ promulgate administrative regulations to establish standards for the conduct of sports wagering, including standards for receiving and paying out wagers, offering sports wagering through a website or mobile application, maintaining and auditing books and financial records, securely maintaining records of bets and wagers, integrity requirements for sports wagering and related data, suitability requirements for providers of associated equipment, geofence standards for wager placement, designated areas for sports wagering, surveillance and monitoring systems, and other reasonable technical criteria related to conducting sports wagering.
 - (b) The corporation ~~may~~~~shall~~ promulgate administrative regulations related to age requirements for placing sports wagers, availability of information related to sports wagers, and licensing requirements, including temporary authorizations, for service providers, vendors, and suppliers; and

- (17) (a) On and after July 1, 2025, the corporation is vested with jurisdiction and supervision over all charitable gaming and ~~may shall~~ promulgate administrative regulations to establish standards for the conduct of charitable gaming consistent with the guidelines established in this chapter and KRS Chapter 238. The corporation 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 at a charitable gaming facility may, in the opinion of the corporation, negatively reflect on the honesty and integrity of charitable gaming, or interfere with the orderly conduct of charitable gaming at a charitable gaming facility, but no persons shall be excluded or ejected from a charitable gaming facility solely on the ground of race, color, creed, national origin, ancestry, or sex.
- (b) The administrative regulations of the Kentucky Horse Racing Commission that are in effect on July 1, 2024, shall remain in effect as the initial administrative regulations of the corporation until the corporation amends or repeals the administrative regulations pursuant to KRS Chapter 13A, except as provided by KRS 13A.3102, 13A.3104, and 13A.330.
- (c) The administrative regulations of the Department of Charitable Gaming that are in effect on July 1, 2025, shall remain in effect as the initial administrative regulations of the corporation until the corporation amends or repeals the administrative regulations pursuant to KRS Chapter 13A, except as provided by KRS 13A.3102, 13A.3104, and 13A.330.

➔Section 39. KRS 230.300 is amended to read as follows:

- (1) Any person desiring to conduct horse racing at a horse race meeting within the Commonwealth of Kentucky or to engage in simulcasting and intertrack wagering as a receiving track during any calendar year shall first apply to the corporation for a license to do so. The application shall be filed at the corporation's general office on or before October 1 of the preceding year with respect to applications to conduct live horse race meetings, and with respect to intertrack wagering dates, and on forms prescribed by the corporation. The application shall include the following information:
- (a) The full name and address of the person making application;
 - (b) The location of the place, track, or enclosure where the applicant proposes to conduct horse racing meetings;
 - (c) The dates on which the applicant intends to conduct horse racing, which shall be successive days unless authorized by the corporation;
 - (d) The proposed hours of each racing day and the number of races to be conducted;
 - (e) The names and addresses of all principals associated with the applicant or licensee;
 - (f) The type of organizational structure under which the applicant operates, i.e., partnership, trust, association, limited liability company, or corporation, and the address of the principal place of business of the organization;
 - (g) Any criminal activities in any jurisdiction for which any individual listed under paragraphs (a) and (e) has been arrested or indicted and the disposition of the charges, and any current or on-going criminal investigation of which any of these individuals is the subject; and
 - (h) Any other information that the corporation by administrative regulation deems relevant and necessary to determine the fitness of the applicant to receive a license, including fingerprints of any individual listed under paragraphs (a) and (e), if necessary for proper identification of the individual or a determination of suitability to be associated with a licensed racing association.
- (2) An application for association license shall be accompanied by the following documents:
- (a) For a new license applicant, a financial statement prepared and attested to by a certified public accountant in accordance with generally accepted accounting principles, showing the following:
 - 1. The net worth of the applicant;
 - 2. Any debts or financial obligations owed by the applicant and the persons to whom owed; and
 - 3. The proposed or current financing structure for the operation and the sources of financing.
 - (b) For a license renewal applicant, an audited financial statement for the prior year;

- (c) A copy of the applicant's federal and state tax return for the previous year. Tax returns submitted in accordance with this provision shall be treated as confidential;
 - (d) A statement from the Department of Revenue that there are no delinquent taxes or other financial obligations owed by the applicant to the state or any of its agencies or departments;
 - (e) A statement from the county treasurer of the county in which the applicant conducts or proposes to conduct horse racing meetings that there are no delinquent real or personal property taxes owed by the applicant.
- (3) The completed application shall be signed by the applicant or the chief executive officer if the applicant is an organization, sworn under oath that the information is true, accurate, and complete, and the application shall be notarized.
 - (4) If there is any change in any information submitted in the application process, the applicant or licensee shall notify the corporation within thirty (30) days of the change.
 - (5) The corporation shall as soon as practicable, but in no event later than November 1 in any calendar year, award dates for racing in the Commonwealth during the next year. In awarding dates, the corporation shall consider and seek to preserve each track's usual and customary dates, as these dates are requested. If dates other than the usual and customary dates are requested, the applicant shall include a statement in its application setting forth the reasons the requested dates are sought. Dates for the conduct of intertrack wagering shall be awarded as provided in KRS 230.377. In the event scheduled racing is canceled by reason of flood, fire, inclement weather, or other natural disaster or emergency, the corporation may award after November 1 additional racing dates to make up for those dates canceled.
 - (6) The corporation may issue a license to conduct a horse race meeting to any association making the aforesaid application if the applicant meets the requirements established in KRS 138.530 and other applicable provisions of this chapter, and if the corporation finds that the proposed conduct of racing by the association would be in the best interest of the public health, safety, and welfare of the immediate community as well as to the Commonwealth.
 - (7) As a condition precedent to the issuance of a license, the corporation may require a surety bond or other surety conditioned upon the payment of all taxes due the Commonwealth, together with the payment of operating expenses including purses and awards to owners of horses participating in races.
 - (8) The corporation may impose a fee and ~~may~~^{shall} establish, by administrative regulation promulgated in accordance with KRS Chapter 13A, a fee schedule for association license applications.
 - (9) The corporation may require an applicant for an association license to submit to a background check of the applicant, or of any principal, individual, or organization associated with the applicant. The corporation shall not require a background check for any individual who is a principal as defined in KRS 230.210 but owns stock or financial interest in the applicant of less than ten percent (10%). An applicant shall be required to reimburse the corporation for the cost of any background check conducted.
 - (10) Every license issued under this chapter shall specify among other things the name of the person to whom issued, the address and location of the track where the horse race meeting to which it relates is to be held or conducted, and the days and hours of the day when the meeting will be permitted; provided, however, that no track that is granted overlapping dates for the conduct of a live race meeting with another horse racing track within a fifty (50) mile radius shall be permitted to have a post time after 5:30 p.m., prevailing time for overlapping days between July 1 and September 15, unless agreed to in writing by the tracks affected.
 - (11) A license issued under this section is neither transferable nor assignable and shall not permit the conduct of a horse race meeting at any track not specified therein. However, if the track specified becomes unsuitable for racing because of flood, fire, or other catastrophe, the corporation may, upon application, authorize the meeting, or any remaining portion thereof, to be conducted at any other suitable track available for that purpose, provided that the owner of the track willingly consents to the use thereof.
 - (12) Horse racing dates may be awarded and licenses issued authorizing horse racing on any day of the year. Horse racing shall be held or conducted only between sunrise and midnight.
 - (13) The corporation may at any time require the removal of any official or employee of any association in those instances where it has reason to believe that the official or employee has been guilty of any dishonest practice in connection with horse racing or has failed to comply with any condition of his or her license or has violated any law or any administrative regulation of the corporation.

- (14) Every horse race not licensed under this section is hereby declared to be a public nuisance and the corporation may obtain an injunction against the same in the Circuit Court of the county where the unlicensed race is proposed to take place.

➔Section 40. KRS 230.310 (Effective July 1, 2025) is amended to read as follows:

- (1) (a) Every person not required to be licensed under KRS 230.300 who desires to participate in horse racing in the Commonwealth as a horse owner, trainer, jockey, apprentice jockey, agent, stable employee, racing official, association employee, or employee of a person or concern contracting with the association to provide a service or commodity and which requires their presence on association grounds during a race meeting, or veterinarian, farrier, horse dentist, or supplier of food, tack, medication, or horse feed, or in any other capacity as the corporation ~~may~~~~shall~~ establish by administrative regulation, shall first apply to the corporation for a license to participate in the activity on association grounds during a race meeting. No person required to be licensed by this section may participate in any activity required to be licensed on association grounds during a race meeting without a valid license therefor.
- (b) An applicant for a license shall submit to the corporation fingerprints as may be required and other information necessary and reasonable for processing a license application. The corporation is authorized to exchange fingerprint data with the Department of Kentucky State Police and the Federal Bureau of Investigation in order to conduct a criminal history background check of an applicant.
- (c) The corporation may issue a license if it finds that the financial responsibility, age, experience, reputation, competence, and general fitness of the applicant to perform the activity permitted by a license are consistent with the best interest of racing and the maintenance of the honesty, integrity, and high quality thereof.
- (2) (a) Every person who desires to participate in sports wagering in the Commonwealth working in a licensed facility for sports wagering, directly supervising individuals who have the capability of affecting the outcome of sports wagering, or having the capability to affect the outcome of sports wagering through deployment of code to production for any critical component of a sports wagering system or the capability to deploy code to production shall first apply to the corporation for a valid occupational license to participate in that activity.
- (b) An applicant for an occupational license shall submit to the corporation fingerprints as may be required and other information necessary and reasonable for processing a license application. The corporation is authorized to exchange fingerprint data with the Department of Kentucky State Police and the Federal Bureau of Investigation in order to conduct a criminal history background check of an applicant.
- (c) The corporation may issue a license if it finds that the financial responsibility, age, experience, reputation, competence, and general fitness of the applicant to perform the activity permitted by a license are consistent with the best interest of sports wagering in the Commonwealth, and the maintenance of the honesty, integrity, and high quality thereof.
- (3) Every person who desires to be licensed to participate in charitable gaming shall first meet the standards of this chapter and the standards established in KRS Chapter 238.
- (4) A license may be issued for the calendar year for which an applicant applies or, if authorized by administrative regulation **of the corporation**, a license may be issued that expires on the last day of the birth month of the licensee. A license may be renewed by the corporation. The license shall be valid at all horse race meetings in the Commonwealth during the period for which it is issued unless suspended or revoked under the administrative regulations promulgated by the corporation under this chapter. The occupational license to participate in sports wagering may be suspended or revoked pursuant to administrative regulations promulgated by the corporation under this chapter. With respect to horse owners and trainers, the corporation may promulgate administrative regulations to facilitate and promote uniform, reciprocal licensing with other states.

➔Section 41. KRS 230.320 is amended to read as follows:

- (1) Every license granted under this chapter is subject to denial, revocation, or suspension, and every licensee or other person participating in Kentucky horse racing may be assessed an administrative fine and required to forfeit or return a purse, by the corporation in any case where it has reason to believe that any provision of this chapter, administrative regulation, or condition of the corporation affecting it has not been complied with or has been broken or violated. The corporation may deny, revoke, or suspend a license for failure by the licensee

or other person participating in Kentucky horse racing to pay an administrative fine imposed upon the licensee by the stewards or the corporation. The corporation, in the interest of honesty and integrity of horse racing, may promulgate administrative regulations under which any license may be denied, suspended, or revoked, and under which any licensee or other person participating in Kentucky horse racing may be assessed an administrative fine or required to forfeit or return a purse.

- (2)
 - (a) Following a hearing by the stewards, a person who has been disciplined by a ruling of the stewards may apply to the corporation for a stay of the ruling, pending action on an appeal by the corporation.
 - (b) An application for a stay shall be received by the president or his or her designee within ten (10) calendar days of the issuance of the stewards' ruling.
 - (c) An application for a stay shall be in writing and include the following:
 1. The name, address, telephone number, and signature of the person requesting the stay;
 2. A statement of the justification for the stay; and
 3. The period of time for which the stay is requested.
 - (d) On a finding of good cause, the president or his or her designee may grant the stay. The president or his or her designee shall issue a written decision granting or denying the request for stay within five (5) calendar days from the time the application for stay is received by the president or his or her designee. If the president or his or her designee fails to timely issue a written decision, then the stay is deemed granted. The president or his or her designee may rescind a stay granted under this subsection for good cause.
 - (e) A person who is denied a stay by the president or his or her designee, or has a previously granted stay rescinded under paragraph (d) of this subsection, may petition the corporation to overrule the president's or designee's denial or rescission of the stay. The petition shall be filed in writing with the chairperson of the board of directors of the corporation and received by the chairperson within ten (10) calendar days of the mailing of the president's or designee's denial of the stay. The petition shall state the name, address, phone number, and signature of the petitioner; a statement of justification of the stay; and the time period for which the stay is requested. The chairperson shall convene a special meeting of the board of directors of the corporation within ten (10) calendar days of receipt of the petition, and the corporation shall issue a written final order granting or denying the petition within two (2) calendar days of the special meeting. If the corporation fails to timely issue a final order on the petition, then the stay is granted. The corporation may rescind a stay granted under this subsection for good cause.
 - (f) A person who is denied or has a previously granted stay rescinded by the corporation may file an appeal of the final written order of the corporation in the Circuit Court of the county in which the cause of action arose.
 - (g) The fact that a stay is granted is not a presumption that the ruling by the stewards is invalid.
- (3) If any license is denied, suspended, or revoked, or if any licensee or other person participating in Kentucky horse racing is assessed an administrative fine or required to forfeit or return a purse, after a hearing by the stewards or by the corporation acting on a complaint or by its own volition, the corporation shall grant the applicant, licensee, or other person the right to appeal the decision, and upon appeal, an administrative hearing shall be conducted in accordance with KRS Chapter 13B.
- (4) The corporation may at any time order that any case pending before the stewards be immediately transferred to the corporation for an administrative hearing conducted in accordance with KRS Chapter 13B.
- (5)
 - (a) In an administrative appeal to the corporation by a licensee or other person participating in Kentucky horse racing, the corporation may determine in its final order that the appeal is frivolous. If the corporation finds that an appeal is frivolous:
 1. This fact shall be considered an aggravating circumstance and may be considered in assessing any penalty against the licensee; and
 2. The licensee or other person who raised the appeal may be required to reimburse the corporation for the cost of the investigation of the underlying circumstances of the case and the cost of the adjudication of the appeal. Costs may include but are not limited to fees paid to a hearing officer or court reporter, attorneys fees, and laboratory expenses.

- (b) The corporation ~~may~~~~shall~~ by administrative regulation prescribe the conditions or factors by which an appeal may be determined to be frivolous.

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

➔Section 42. KRS 230.361 is amended to read as follows:

- (1) (a) The corporation ~~may~~~~shall~~ promulgate administrative regulations governing and regulating mutuel wagering on horse races under what is known as the pari-mutuel system of wagering.
- (b) The wagering shall be conducted only by a person licensed under this chapter to conduct a race meeting and only upon the licensed premises, and provided further that only pari-mutuel wagering on simulcasting shall be allowed at simulcast facilities.
- (c) The pari-mutuel system of wagering shall be operated only by a totalizator or other mechanical equipment approved by the corporation. The corporation shall not require any particular make of equipment.
- (2) The corporation ~~may~~~~shall~~ promulgate administrative regulations governing and regulating sports wagering, including administrative regulations for the deposit of funds by credit or debit cards or other means of electronic funds transfer. The corporation ~~may~~~~shall~~ promulgate administrative regulations to establish a fully functioning sports wagering system within six (6) months after June 29, 2023.
- (3) The operation of a pari-mutuel system for betting, or the conduct of sports wagering, where authorized by law shall not constitute grounds for the revocation or suspension of any license issued and held under KRS 242.1238 and 243.265.
- (4) ***Notwithstanding any law to the contrary:***
 - (a) ***The corporation may promulgate administrative regulations governing*** all reported but unclaimed pari-mutuel winning tickets ***and unredeemed pari-mutuel vouchers*** held in this state by any person or association operating a pari-mutuel or similar system of betting ***authorized under this chapter; and***
 - (b) ***The unclaimed pari-mutuel winning tickets and unredeemed pari-mutuel vouchers***~~at horse race meetings~~ shall be presumed abandoned if not claimed by the person entitled to them within one (1) year from the time the ticket ~~was issued~~~~became payable~~.
- (5) The corporation may issue a license to conduct pari-mutuel wagering on steeple chases or other racing over jumps; if all proceeds from the wagering, after expenses are deducted, is used for charitable purposes. If the dates requested for such a license have been granted to a track within a forty (40) mile radius of the race site, the corporation shall not issue a license until it has received written approval from the affected track. Pari-mutuel wagering licensed and approved under this subsection shall be limited to four (4) days per year. All racing and wagering authorized by this subsection shall be conducted in accordance with applicable administrative regulations promulgated by the corporation.

➔Section 43. KRS 230.374 is amended to read as follows:

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

➔Section 44. KRS 230.779 is amended to read as follows:

- (1) Notwithstanding KRS 230.361(1), a licensee may operate the hub either independently or in association with one (1) or more racetracks licensed by the corporation to run live races and conduct pari-mutuel wagering in Kentucky. Hub operations may be physically located on property other than that operated by a racetrack and may accept wagers at that location and shall comply with the Interstate Horseracing Act, 15 U.S.C. secs. 3001 to 3007.
- (2) As a part of the application for licensure as a hub, an applicant shall submit a detailed plan of operations in a format and containing any information as required by the corporation. The application shall be accompanied by an application fee to cover incremental costs to the corporation, in an amount the corporation determines to be appropriate. At a minimum, the operating plan shall address the following:
 - (a) The manner in which the proposed wagering system will operate, including its proposed operating schedule;
 - (b) The requirements for a qualified subscriber-based service set out in KRS 230.775; and
 - (c) The requirements for accounts established and operated for persons whose principal residence is outside of the Commonwealth of Kentucky.
- (3) The corporation may require changes in a proposed plan of operations as a condition of licensure. Subsequent material changes in the system's operation shall not occur unless approved by the corporation.
- (4) The corporation may conduct investigations or inspections or request additional information from any applicant as it deems appropriate in determining whether to approve the license application.
- (5) An applicant licensed under this section may enter into any agreements that are necessary to promote, advertise, and further the sport of horse racing, or for the effective operation of hub operations, including, without limitation, interstate account wagering, television production, and telecommunications services.
- (6) The corporation ~~may~~~~shall~~ promulgate administrative regulations to effectuate the provisions of KRS 230.775 to 230.785. The administrative regulations shall include but not be limited to criteria for licensing, the application process, the format for the plan of operations, requisite fees, procedures for notifying the corporation of substantive changes, contents of agreements entered into under subsection (5) of this section, procedures for accounting for wagers made, and other matters reasonably necessary to implement KRS 230.775 to 230.785.
- (7) The corporation may require the hub to make the following payments to the corporation:
 - (a) A license fee not to exceed two hundred dollars (\$200) per operating day; and
 - (b) A fee of not more than one percent (1%) of the hub's total gross wagering receipts.
- (8) A hub's records and financial information shall not be subject to the provisions of KRS 61.870 to 61.884.
- (9) The Auditor of Public Accounts may review and audit all records and financial information of the hub, including all account information. The Auditor shall prepare a report of the review and audit which shall not contain any proprietary information regarding the hub. A copy of the report shall be sent to the Legislative Research Commission for referral to the appropriate committee.

➔Section 45. KRS 230.805 is amended to read as follows:

- (1) The corporation shall institute a system of sports wagering in conformance with federal law, this chapter, and by administrative regulations promulgated under the authority of KRS 230.215.
- (2) Sports wagering shall not be offered in this state except as authorized by this section and KRS 230.811. A track that holds a license to operate sports wagering may contract with sports wagering service providers to conduct or manage sports wagering operations as authorized by this chapter. Sports wagering may be provided at a licensed facility for sports wagering or online through a website or mobile application. The licensed facility for sports wagering or a sports wagering service provider may provide sports wagering through a website or mobile interface as approved by the corporation. The corporation may provide temporary licenses to licensed facilities for sports wagering or sports wagering service providers, if the corporation deems that the information submitted by them is sufficient to determine the applicant's suitability. The corporation ~~may~~~~shall~~ promulgate administrative regulations to establish the suitability for temporary and ordinary license applications for licensed facilities for sports wagering, sports wagering service providers, and any related parties.

- (3) Sports wagering licensees and service providers that accept wagers online via websites and mobile applications shall impose the following requirements:
- (a) Prior to placing a wager online via websites or mobile applications operated by either a sports wagering licensee or a service provider, a patron shall register the patron's sports wagering account with the operating sports wagering licensee or service provider either in person at a licensed facility for sports wagering or remotely through the service provider's website or mobile application;
 - (b)
 - 1. The registration process shall include attestation that the patron meets the requirements to place a wager with a sports wagering licensee or service provider in this state.
 - 2. Prior to verification of a patron's identity, a sports wagering licensee or service provider shall not allow the patron to engage in sports wagering, make a deposit, or process a withdrawal via the patron's sports wagering account.
 - 3. A sports wagering licensee or service provider shall implement commercially and technologically reasonable procedures to prevent access to sports wagering by any person under the age of eighteen (18):
 - a. At a licensed facility; and
 - b. Online via website or mobile application.
 - 4. A sports wagering licensee or service provider may use information obtained from third parties to verify that a person is authorized to open an account, place wagers, and make deposits and withdrawals;
 - (c) A sports wagering licensee or service provider shall adopt an account registration policy to ensure that all patrons are authorized to place a wager with a sports wagering licensee or service provider within the Commonwealth of Kentucky. This policy shall include, without limitation, a mechanism by which to:
 - 1. Verify the name and age of the patron;
 - 2. Verify that the patron is not prohibited from placing a wager; and
 - 3. Obtain the following information:
 - a. A physical address other than a post office box;
 - b. A phone number;
 - c. A unique user name; and
 - d. An e-mail account;
 - (d) A sports wagering licensee or service provider shall use all commercially and technologically reasonable means to ensure that each patron is limited to one (1) account with that service provider in the Commonwealth, but nothing in this paragraph restricts a patron from holding other sports wagering accounts in other jurisdictions;
 - (e) A sports wagering licensee or service provider, in addition to complying with state and federal law pertaining to the protection of the private, personal information of patrons, shall use all other commercially and technologically reasonable means to protect this information consistent with industry standards;
 - (f) A sports wagering licensee or service provider shall use all commercially and technologically reasonable means to verify the identity of the patron making a deposit or withdrawal;
 - (g) A sports wagering licensee or service provider shall utilize geolocation or geofencing technology to ensure that wagers are only accepted from patrons who are physically located in the Commonwealth. A sports wagering licensee or service provider shall maintain in this state its servers used to transmit information for purposes of accepting or paying out wagers on a sporting event placed by patrons in this state;
 - (h) A patron may fund the patron's account using any acceptable form of payment or advance deposit method, which shall include the use of cash, cash equivalents, credit cards, debit cards, automated

clearing house, other electronic methods, and any other form of payment authorized by the corporation; and

- (i) The corporation may enter into agreements with other jurisdictions or entities to facilitate, administer, and regulate multijurisdictional sports betting by sports betting operators to the extent that entering into the agreement is consistent with state and federal laws and the sports betting agreement is conducted only in the United States.
- (4) A track may contract with no more than three (3) service providers at a time to conduct and manage services and technology which support the operation of sports betting both on the track and online via websites and mobile applications. The website or mobile application used to offer sports betting shall be offered only under the same brand as the track or that of the service provider contracted with the track, or both.
- (5) A track or service provider through an agreement with a licensed track shall not offer sports wagering until the corporation has issued a sports wagering license to the track, except for temporary licenses authorized under KRS 230.814.
- (6) (a) A track licensed under KRS 230.811 may offer sports wagering at a facility that meets the definition of "track" in KRS 230.210.
- (b) A simulcast facility may offer sports wagering through an agreement with a track by using any of that track's already established service providers.

➔Section 46. KRS 238.536 (Effective July 1, 2025) is amended to read as follows:

- (1) The net receipts from charitable gaming retained by a charitable organization for the previous calendar year, provided the charitable organization was licensed at the start of the calendar year, shall be equal to or greater than forty percent (40%) of the adjusted gross receipts of the charitable organization for the same period. A licensed charitable organization shall expend net receipts exclusively for purposes consistent with the charitable, religious, educational, literary, civic, fraternal, or patriotic functions or objectives for which the licensed charitable organization received and maintains federal tax-exempt status, or consistent with its status as **a local school district**, a common school, an institution of higher education, or a state college or university. No net receipts shall inure to the benefits or financial gain of an individual. Any charitable organization which permits its license to expire or otherwise lapse shall still be subject to the retention requirement. The following fees and taxes shall be excluded from the calculation of the percentage retained, retroactive to calculations made for calendar year 1999:
 - (a) All fees paid to the office during the calendar year;
 - (b) Any sales or use taxes levied under KRS Chapter 139 on charitable gaming supplies and equipment that are paid by a licensed charitable organization during the calendar year; and
 - (c) Any federal excise taxes levied under 26 U.S.C. secs. 4401 and 4411 and paid by a licensed charitable organization during the calendar year.
- (2) The following actions shall be imposed on a licensed charitable organization that fails to retain the requisite percentage of adjusted gross receipts required in subsection (1) of this section. The calculation of percentages shall be rounded to the nearest tenth of a percent:
 - (a) If the percentage retained is between thirty-five percent (35%) and thirty-nine and nine-tenths percent (39.9%), the licensee shall be placed on probation for a period of six (6) months and shall be required to submit to the office an acceptable financial plan detailing corrective actions to be taken by the licensee to achieve the forty percent (40%) threshold by the end of the calendar year in which the probation is imposed;
 - (b) If the percentage retained is between thirty percent (30%) and thirty-four and nine-tenths percent (34.9%), the licensee shall be placed on probation for a period of one (1) year and shall be required to submit to the office a financial plan as described in paragraph (a) of this subsection. The office shall conduct a six (6) month review of the charitable gaming activities of a licensee placed on probation pursuant to this subsection to evaluate the licensee's compliance with its financial plan;
 - (c) If the percentage retained falls between twenty-nine and nine-tenths percent (29.9%) and twenty-five percent (25%), the licensee shall be placed on probation for a period of one (1) year, shall submit to the office an acceptable financial plan as described in paragraph (a) of this subsection, and shall participate in a mandatory training program designed by the office. The office shall conduct a quarterly review of

the licensee's activities to evaluate the licensee's compliance with its financial plan and its progress toward achievement of the forty percent (40%) threshold during the probationary period;

- (d) If the percentage falls below twenty-five percent (25%) or if the licensee fails to attain the forty percent (40%) threshold for a second consecutive calendar year, the licensee shall have its license suspended for a period of one (1) year; and
 - (e) For purposes of paragraphs (a), (b), (c), and (d) of this subsection, periods of probation and suspension shall commence, unless appealed, from the date the office notifies the licensee of its failure to satisfy the retention requirement for the previous calendar year. If a probation or suspension is appealed, the action shall commence on the date final adjudication of the matter is complete.
- (3) Any licensee that has had its license suspended under the provisions of subsection (2)(d) of this section shall be required to submit to the office an acceptable financial plan as described in subsection (2)(a) of this section, upon applying for reinstatement of its license. As a condition of reinstatement, the licensee shall be on probation for a period of one (1) year and shall be subject to quarterly review by the office in accordance with subsection (2)(c) of this section.

➔Section 47. KRS 238.550 (Effective July 1, 2025) is amended to read as follows:

- (1) All adjusted gross receipts from charitable gaming shall be handled only by chairpersons, officers, or employees of the licensed charitable organization.
- (2) Except as authorized by subsection (11) of this section, within **five (5)**~~two (2)~~ business days after the completion of a charitable gaming event or session, all gross receipts and adjusted gross receipts shall be deposited into one checking account devoted exclusively to charitable gaming. This checking account shall be designated the "charitable gaming account," and the licensed charitable organization shall maintain its account at a financial institution located in the Commonwealth of Kentucky. No other funds may be deposited or transferred into the charitable gaming account.
- (3) All payments for charitable gaming expenses, payments made for prizes purchased, and any charitable donations from charitable gaming receipts shall be made from the charitable gaming account and the payments or donations shall be made only by bona fide officers of the organization by checks having preprinted consecutive numbers and made payable to specific persons or organizations. No check drawn on the charitable gaming account may be made payable to "cash," or "bearer," except that a licensed charitable organization may withdraw start-up funds for a charitable gaming event or session from the charitable gaming account by check made payable to "cash" or "bearer," if these start-up funds are redeposited into the charitable gaming account together with all adjusted gross receipts derived from the particular event or session. Checks shall be imprinted with the words "charitable gaming account" and shall contain the organization's license number on the face of each check. Payments for charitable gaming expenses, prizes purchased, and charitable donations may be made by electronic funds transfer if the payments are made to specific persons or organizations. The corporation may by administrative regulation adopt alternative reporting requirements for charitable gaming of limited scope or duration, if these requirements are sufficient to ensure accountability for all moneys handled.
- (4) A licensed charitable organization shall expend net receipts exclusively for purposes consistent with the charitable, religious, educational, literary, civic, fraternal, or patriotic functions or objectives for which the licensed charitable organization received and maintains federal tax-exempt status, or consistent with its status as **a local school district**, a common school, an institution of higher education, or a state college or university. No net receipts shall inure to the private benefit or financial gain of any individual.
- (5) Accurate records and books shall be maintained by each organization exempt from licensure under KRS 238.535(1) and each licensed charitable organization for a period of three (3) years. Office staff shall have access to these records at reasonable times. Licensed charitable organizations and exempt organizations shall maintain their charitable gaming records at their offices or places of business within the Commonwealth of Kentucky as identified in their license applications or applications for exempt status. An exempt organization shall submit a yearly financial report in accordance with KRS 238.535(2), and failure to file this report shall constitute grounds for revocation of the organization's exempt status.
- (6) All licensed charitable organizations that have annual gross receipts of two hundred thousand dollars (\$200,000) or less and do not have a weekly bingo session shall report to the office annually at the time and on a form established in administrative regulations promulgated by the corporation.

- (7) All other licensed charitable organizations shall submit reports to the office at least quarterly at the time and on a form established in administrative regulations promulgated by the corporation.
- (8) Failure by a licensed charitable organization to file reports required under this chapter shall constitute grounds for revocation of the organization's license or denial of the organization's application to renew its license in accordance with KRS 238.560(3). Reports filed by a licensed charitable organization shall include but shall not be limited to the following information:
 - (a) All gross receipts received from charitable gaming for the reporting period, classified by type of gaming activity;
 - (b) The names and addresses of all persons who are winners of prizes having a fair market value of six hundred dollars (\$600) or more;
 - (c) All expenses paid and the names and addresses of all persons to whom expenses were paid;
 - (d) All net receipts retained and the names and addresses of all charitable endeavors that received money from the net receipts; and
 - (e) Any other information the office deems appropriate.
- (9) No licensed charitable organization shall incur charitable gaming expenses, except as provided in this chapter. No licensed charitable organization shall be permitted to expend amounts in excess of prevailing market rates for the following charitable gaming expenses:
 - (a) Charitable gaming supplies and equipment;
 - (b) Rent;
 - (c) Utilities;
 - (d) Insurance;
 - (e) Advertising;
 - (f) Janitorial services;
 - (g) Bookkeeping and accounting services;
 - (h) Security services;
 - (i) Membership dues for its participation in any charitable gaming trade organization; and
 - (j) Any other expenses the corporation may determine by administrative regulation to be legitimate.
- (10) No licensed charitable organization shall expend receipts from charitable gaming activities nor incur expenses to form, maintain, or operate as a labor organization.
- (11) For the purposes of deposits under subsection (2) of this section, a licensed charitable organization conducting charitable gaming events or sessions shall only be required to deposit its gross receipts and adjusted gross receipts one (1) time per week if the following conditions are met:
 - (a) The charitable gaming involves only games using charity game tickets;
 - (b) The charitable gaming is not part of a charity fundraising event; and
 - (c) The licensed charitable organization's deposits of gross receipts and adjusted gross receipts from charitable gaming total less than two thousand five hundred dollars (\$2,500) in the week prior to the deposit.

➔Section 48. KRS 238.560 (Effective July 1, 2025) is amended to read as follows:

- (1) The office may investigate allegations of wrongdoing upon complaint or upon its own volition. The corporation by administrative regulation ~~may~~~~shall~~ establish procedures for receiving and investigating complaints in an expeditious manner.
- (2) In carrying out its enforcement responsibilities, the office may:
 - (a) Inspect and examine all premises in which or on which charitable gaming is conducted or charitable gaming supplies or equipment are manufactured or distributed;

- (b) Seize and remove from premises and impound charitable gaming supplies and equipment for the purposes of examination and inspection pursuant to an appropriate court order;
 - (c) Demand access to, inspect, and audit books and records of licensees for the purpose of determining compliance with laws and **the corporation's** administrative regulations relative to charitable gaming; and
 - (d) Conduct in-depth audits and investigations, when warranted.
- (3) (a) As used in this subsection, "willful" means that the conduct constituting the violation was committed with intent, not accidentally or inadvertently.
- (b) The office may take appropriate administrative action against any person licensed under this chapter for any violation of the provisions of this chapter or administrative regulations promulgated thereunder subject to the conditions established by this subsection.
- (c) The office may deny a license, suspend or revoke a license, issue a cease and desist order, place a license holder on probation, issue a letter of reprimand or letter of warning, and levy a fine. An administrative fine shall not exceed one thousand dollars (\$1,000) for each offense. The office may deny the issuance of a license or a license renewal if the applicant or licensee has failed to pay a fine levied by the office. The corporation ~~may~~**shall** by administrative regulation classify types of offenses and the recommended administrative action. The type of action to be taken shall be based on the history of previous violations and the nature, severity, and frequency of the offense. Administrative action authorized in this section shall be in addition to any criminal penalties provided in this chapter or under other provisions of law.
- (d) 1. Notwithstanding any other provisions of this section, the office shall review, within two (2) months of receipt, timely filed organization quarterly reports that include payment of the fee due as reflected on the organization quarterly report. If the office discovers reporting errors that are not willful, the office shall, prior to taking any other administrative action, issue a letter of warning to the licensee and allow the licensee thirty (30) days from the issuance of the letter to correct the identified violation. The purpose of this subparagraph is for the office to identify correctable reporting errors in a timely manner, and to notify the licensee of the errors prior to the due date of the next organization quarterly report so that the errors are corrected and are not repeated in subsequent organization quarterly reports.
2. A review conducted under subparagraph 1. of this paragraph shall not be considered an audit or final review and acceptance of an organization quarterly report and payment. The office shall have four (4) years from the date of filing to fully audit and review an organization quarterly report, and may pursue administrative actions against the licensee related to an organization quarterly report or the information reported on an organization quarterly report within the four (4) year period if violations or errors that are not willful are discovered. This subparagraph shall not be construed to require records that are not needed to audit or review an organization quarterly report to be kept longer than is required elsewhere in this chapter or in any related administrative regulations.
3. Notwithstanding the provisions of subparagraph 2. of this paragraph, for a violation that is determined to be willful, the office may pursue the administrative actions authorized by this section at any time.
4. A letter of warning issued under this section shall:
- a. Identify the violation;
 - b. Describe the corrective action necessary;
 - c. Identify the administrative actions that can be taken if the violation is not addressed; and
 - d. Provide that the person shall have thirty (30) days to correct the action leading to the violation.
- (4) The office may reinstate a license that has been revoked at any time after two (2) years from the date of revocation. A license may be reinstated only upon a finding that the violations for which the license was revoked have been corrected.

- (5) All departments, divisions, boards, agencies, officers, and institutions of the Commonwealth of Kentucky and all subdivisions thereof, in particular local law enforcement entities, shall cooperate with the office in carrying out its enforcement responsibilities.
- (6) The office shall report any activity or action which would constitute a criminal offense to the appropriate authorities in the county where the activity or action occurred and to the Attorney General.
- (7) All administrative actions taken under this section shall be subject to the final order of the ~~corporation board~~.

➔ Section 49. KRS 393A.040 is amended to read as follows:

Subject to KRS 393A.120, the following property shall be presumed abandoned if it is unclaimed by the apparent owner during the period specified below:

- (1) A traveler's check, fifteen (15) years after issuance;
- (2) A money order, seven (7) years after issuance;
- (3) A state or municipal bond, bearer bond, or original-issue-discount bond, three (3) years after the earliest of the date the bond matures or is called or the obligation to pay the principal of the bond arises;
- (4) A debt of a business association, three (3) years after the obligation to pay arises;
- (5) A payroll card or demand, savings, or time deposit account, including a deposit that is automatically renewable, three (3) years after the maturity of the deposit, except a deposit that is automatically renewable is deemed matured on its initial date of maturity unless the apparent owner consented in a record on file with the holder to renewal at or about the time of the renewal, except:
 - (a) Property held in an interest-bearing, demand, savings, or time deposit account shall, from the time it is presumed abandoned under this chapter, be placed by the holder in an interest-bearing account made assignable to the administrator;
 - (b) The administrator may examine the records of the holder relevant to the establishment and maintenance of an interest-bearing account in accordance with this chapter;
 - (c) Upon demand and proper proof by a person appearing entitled to payment of property described in this subsection, the holder may withdraw the property and any accrued interest for payment to the entitled person;
 - (d) Property described in this subsection deposited and not claimed ten (10) years after it is presumed abandoned, or upon actual abandonment, shall be paid to the administrator upon whichever abandonment occurs first; and
 - (e) The administrator shall not be required to credit interest on any property described in this subsection after the property is received under paragraph (d) of this subsection;
- (6) Money or a credit owed to a customer as a result of a retail business transaction, other than in-store credit for returned merchandise, three (3) years after the obligation arose;
- (7) An amount owed by an insurance company on a life or endowment insurance policy or an annuity contract that has matured or terminated, three (3) years after the obligation to pay arose under the terms of the policy or contract or, if a policy or contract for which an amount is owed on proof of death has not matured by proof of the death of the insured or annuitant, as follows:
 - (a) With respect to an amount owed on a life or endowment insurance policy, three (3) years after the earlier of the date:
 - 1. The insurance company has knowledge of the death of the insured; or
 - 2. The insured has attained, or would have attained if living, the limiting age under the mortality table on which the reserve for the policy is based; and
 - (b) With respect to an amount owed on an annuity contract, three (3) years after the date the insurance company has knowledge of the death of the annuitant;
- (8) Property distributable by a business association in the course of dissolution, one (1) year after the property becomes distributable;

- (9) Property held by a court, including property received as proceeds of a class action, may be paid to the administrator one (1) year after the property becomes distributable, but shall be paid to the administrator no later than five (5) years after the property becomes distributable;
- (10) Property held by a government or governmental subdivision, agency, or instrumentality, including municipal bond interest and unredeemed principal under the administration of a paying agent or indenture trustee, one (1) year after the property becomes distributable;
- (11) Property payable or distributable in the course of a demutualization of an insurance company, three (3) years after the earlier of the last contact with the policyholder, or the date the property became payable or distributable;
- (12) Wages, commissions, bonuses, or reimbursements to which an employee is entitled, or other compensation for personal services, other than amounts held in a payroll card, one (1) year after the amount becomes payable;
- (13) A deposit or refund owed to a subscriber by a utility, one (1) year after the deposit or refund becomes payable;
and
- (14) ~~All funds represented by unclaimed pari-mutual winning tickets held in this state by any person, association, or corporation operating a pari-mutual or similar system of betting at quarter horse or Appaloosa racetracks, two (2) years from the time the ticket became payable; and~~
- (15) Property not specified in KRS 393A.050, 393A.060, 393A.070, 393A.080, 393A.090, or 393A.100, the earlier of three (3) years after the owner first has a right to demand the property or the obligation to pay or distribute the property arises.

➔Section 50. The following KRS sections are repealed:

230.270 Biennial report to General Assembly required.

238.520 Charitable Gaming Advisory Council. (Effective July 1, 2025)

238.522 Restriction on promulgating administrative regulations. (Effective July 1, 2025)

➔Section 51. The corporation shall evaluate and propose a structure for initial licensure, license renewals, and license reinstatements for entities involved in horse racing, sports wagering, and charitable gaming. The corporation shall present its recommendations to the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations by October 1, 2025.

➔Section 52. Whereas the proper regulation of racing and gaming is crucial to the economy and the public's trust in the Commonwealth's signature industry, an emergency is declared to exist, and Sections 4, 9 to 22, and 33 of this Act take effect upon passage and approval by the Governor or upon its otherwise becoming a law.

➔Section 53. Sections 1 to 3, 5 to 8, 23 to 32, and 34 to 51 of this Act take effect July 1, 2025.

Vetoed in Part and Overridden March 27, 2025.