

1 AN ACT relating to gaming.

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

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

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

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

1 (a) Means a professional or amateur competitor in a real-world lawful sporting
2 event or an organized video game competition that is:

3 1. Regulated by a sports governing body; and

4 2. Held between participants who compete individually or as a team; and

5 (b) Includes equine competitors;

6 ~~(8)~~~~(7)~~ "Charitable gaming" means gaming licensed by the corporation on and after
7 July 1, 2025, as authorized under this chapter and KRS Chapter 238;

8 ~~(9)~~~~(8)~~ "Corporation" means the Kentucky Horse Racing and Gaming Corporation;

9 (10) "Event contract":

10 (a) Means an agreement, contract, transaction, or swap in an excluded
11 commodity based on the occurrence, extent of an occurrence, or
12 contingency, other than a change in the price, rate, value, or levels of a
13 commodity described in 7 U.S.C. sec. 1a(19)(i), as amended; and

14 (b) Does not include:

15 1. Any contract of sale of a commodity for future delivery, i.e., futures, or
16 any option on such a contract, i.e., options on futures, executed on or
17 subject to the rules of a designated contract market; or

18 2. Any swap or derivative based on:

19 a. An agricultural commodity;

20 b. An exempt commodity; or

21 c. Any excluded commodity not subject to paragraph (a) of this
22 subsection;

23 as such terms are used and defined in the Commodity Exchange Act, 7
24 U.S.C. sec. 1a;

25 (11) "Fantasy contest entry fee" means the cash or cash equivalent that is required to
26 be paid by a fantasy contest participant in advance to a fantasy contest service
27 provider in order to participate in a fantasy contest;

1 (12) "Fantasy contest":

2 (a) Means any online fantasy or simulated game or contest that meets the
3 following conditions:

4 1. a. There are no fewer than two (2) fantasy contest participants.

5 b. i. All fantasy contest participants are natural persons; and

6 ii. A fantasy contest service provider shall not be construed to
7 be a participant;

8 2. a. The values of all prizes offered to winning fantasy contest
9 participants are established and made known to fantasy contest
10 participants in advance of the contest.

11 b. Multiple winning participants may share a prize.

12 c. Prizes may consist of fixed amounts, tiered payouts, or other
13 conditional bonus payouts, provided that all prize structures are
14 disclosed in advance by the fantasy contest service provider;

15 3. All winning outcomes reflect the relative knowledge and skill of the
16 fantasy contest participant and are determined predominantly by the
17 accumulated statistical performance or finishing position of multiple
18 athletes across one (1) or more real-world sporting events;

19 4. Fantasy contest participants assemble a fictional entry or roster of
20 actual athletes and exercise management or selection control over the
21 roster;

22 5. Fantasy contest participants compete for prizes awarded by a fantasy
23 contest service provider based on terms and conditions published by
24 the fantasy contest service provider and made known to the fantasy
25 contest participant in advance of the contest;

26 6. Winning outcomes are determined by clearly established scoring
27 criteria based on one (1) or more statistical results of the performance

1 of an individual athlete, including but not limited to a fantasy score;

2 7. A winning outcome is not based:

3 a. On the score, point spread, or outcome of a single real-world
4 team or combination of teams; or

5 b. Solely on any single performance of an individual athlete or
6 participant in any single actual event; and

7 8. The game or contest does not violate any provision of federal law;

8 (b) Includes contests in which fantasy contest participants compete against
9 each other; and

10 (c) Does not include any fantasy contest:

11 1. Without a fantasy contest entry fee; or

12 2. Betting against the fantasy contest service provider;

13 (13) "Fantasy contest service provider":

14 (a) Means a person or entity that offers fantasy contests to the general public;
15 and

16 (b) Does not include an internet service provider or a provider of mobile data
17 services merely as a result of that provider's transporting of general traffic
18 that may include a fantasy contest;

19 (14) "Fantasy contest participant" means any individual physically present in the
20 Commonwealth who participates in a fantasy contest offered by a fantasy contest
21 service provider;

22 (15) "Fixed-odds wagering" means a form of betting in which the payout odds are set
23 and agreed upon at the time the wager is placed and those odds do not change,
24 regardless of subsequent market movement or betting activity, except that the
25 bookmaker may apply Tattersalls rules to ensure fair settlement;

26 (16)(9) "Geofence" means a virtual geographic boundary defined by Global
27 Positioning System (GPS) or Radio Frequency Identification (RFID) technology;

1 ~~(17)~~~~(10)~~ "Harness race" or "harness racing" means trotting and pacing races of the
2 standardbred horses;

3 ~~(18)~~~~(11)~~ "Horse race meeting" means horse racing run at an association licensed and
4 regulated by the Kentucky Horse Racing and Gaming Corporation, and may include
5 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;

6 ~~(19)~~~~(12)~~ "Host track" means the track conducting racing and offering its racing for
7 intertrack wagering, or, in the case of interstate wagering, means the Kentucky
8 track conducting racing and offering simulcasts of races conducted in other states or
9 foreign countries;

10 ~~(20)~~~~(13)~~ "Interstate wagering" means pari-mutuel wagering on simulcast horse races
11 from a track located in another state or foreign country by patrons at a receiving
12 track or simulcast facility;

13 ~~(21)~~~~(14)~~ "Intertrack wagering" means pari-mutuel wagering on simulcast horse races
14 from a host track by patrons at a receiving track;

15 ~~(22)~~~~(15)~~ "Kentucky paint horse, Appaloosa, and Arabian purse fund" means a purse
16 fund established to receive funds as specified in KRS 230.3771 for purse programs
17 established in KRS 230.446 to supplement purses for paint horse, Appaloosa, and
18 Arabian horse races. The purse program shall be administered by the Kentucky
19 Horse Racing and Gaming Corporation;

20 ~~(23)~~~~(16)~~ "Kentucky quarter horse purse fund" means a purse fund established to
21 receive funds as specified in KRS 230.3771 for purse programs established in KRS
22 230.407 to supplement purses for quarter horse races. The purse program shall be
23 administered by the Kentucky Horse Racing and Gaming Corporation;

24 ~~(24)~~~~(17)~~ "Kentucky resident" means:

- 25 (a) An individual domiciled within this state;
- 26 (b) An individual who maintains a place of abode in this state and spends, in the
27 aggregate, more than one hundred eighty-three (183) days of the calendar year

1 in this state; or

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

5 ~~(25)~~~~(18)~~ "Licensed facility for sports wagering" means the designated areas to conduct
6 sports wagering for a track licensed to conduct sports wagering pursuant to KRS
7 230.811;

8 ~~(26)~~~~(19)~~ "Licensed premises" means a track or simulcast facility licensed by the
9 corporation under this chapter;

10 ~~(27)~~~~(20)~~ "Paint horse" means a horse registered with the American Paint Horse
11 Association of Fort Worth, Texas;

12 ~~(28)~~~~(21)~~ "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutuel
13 wagering" each means any method of wagering previously or hereafter approved by
14 the corporation in which one (1) or more patrons wager on a horse race or races,
15 whether live, simulcast, or previously run. Wagers shall be placed in one (1) or
16 more wagering pools, and wagers on different races or sets of races may be pooled
17 together. Patrons may establish odds or payouts, and winning patrons share in
18 amounts wagered including any carryover amounts, plus any amounts provided by
19 an association less any deductions required, as approved by the corporation and
20 permitted by law. Pools may be paid out incrementally over time as approved by
21 the corporation;

22 ~~(29)~~~~(22)~~ "Person" means an individual, sole proprietorship, partnership, association,
23 fiduciary, corporation, limited liability company, or any other business entity;

24 **(30) "Prediction market":**

25 **(a) Means:**

26 **1. Any physical or electronic platform through which a consumer may**
27 **buy, sell, or exchange event contracts, whether the market is located in**

1 or out of the state; or

2 2. Any platform or system that provides consumers with the ability to
3 open speculative positions on the outcomes of future events; and

4 (b) May be a board of trade designated as a contract market by the Commodity
5 Futures Trading Commission;

6 (31)~~[(23)]~~ "President" means the president of the Kentucky Horse Racing and Gaming
7 Corporation, who shall serve as chief executive officer of the corporation;

8 (32)~~[(24)]~~ "Principal" means any of the following individuals associated with a
9 partnership, trust, association, limited liability company, or corporation that is
10 licensed to conduct a horse race meeting or an applicant for a license to conduct a
11 horse race meeting:

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

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

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

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

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

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

25 (33) "Prohibited participant" means:

26 (a) A person who has self-excluded under Section 11 of this Act;

27 (b) An athlete, coach, referee or other officiant, trainer, team staff, or other

active participant in the sporting event or competition when the fantasy contest entry includes athlete selections from a sporting event overseen by the same governing body which oversees the athlete, coach, referee or other officiant, trainer, or team staff in question;

(c) Any individual participating in a fantasy contest on behalf of another;

(d) Any restricted participant participating in violation of their restrictions; or

(e) Any voluntarily or involuntarily excluded person;

~~(34)~~~~(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;

~~(35)~~~~(26)~~ "Quarter horse" means a horse that is registered with the American Quarter Horse Association of Amarillo, Texas;

~~(36)~~~~(27)~~ "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;

(37) "Restricted participant":

(a) Means an individual that is restricted from participating in fantasy contests:

1. Where the individual's profession or relationship gives the individual access to nonpublic information that could affect the outcome of a fantasy contest; or

2. For any reason the individual may have access to nonpublic

information that could affect the outcome of a fantasy contest;

(b) Includes the following professions or relationships:

1. Players;

2. Coaches;

3. Referees, umpires, judges, or other officiants involved in enforcing the rules of the game;

4. Spouses and close family members of persons included in subparagraphs 1. to 3. of this paragraph; and

5. Owners or shareholders of more than five percent (5%) interest in professional sports teams who might have influence over players and coaches through the ability to hire or fire; and

(c) Also includes any other persons identified by the corporation as restricted participants;

~~(38)~~~~(28)~~ "Simulcast facility" means any facility approved pursuant to KRS 230.380 to simulcast live racing and conduct pari-mutuel wagering on live racing;

~~(39)~~~~(29)~~ "Simulcasting" means the telecast of live audio and visual signals of horse races for the purpose of pari-mutuel wagering;

~~(40)~~~~(30)~~ "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 or the outcome of any local, state, or federal election;

~~(41)~~~~(31)~~ "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;

~~(42)~~~~(32)~~ "Sports wagering" means the wagering conducted under this chapter on sporting events or portions of sporting events, or on the individual performance

1 statistics of athletes in a sporting event or combination of sporting events, in
2 conformance with federal law and as authorized by the corporation pursuant to this
3 chapter;

4 ~~(43)~~~~[(33)]~~ "Sports wagering device":

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

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

11 ~~(44)~~~~[(34)]~~ "Sports wagering service provider" or "service provider" means a person
12 authorized to conduct or manage sports wagering through an agreement with a track
13 and provide these services at a licensed facility for sports wagering, simulcast
14 facility, or through a website or mobile interface approved by the corporation;

15 ~~(45)~~~~[(35)]~~ "Telephone account wagering" means a form of pari-mutuel wagering where
16 an individual may deposit money in an account at a track and may place a wager by
17 direct telephone call or by communication through other electronic media owned by
18 the holder of the account to the track;

19 ~~(46)~~~~[(36)]~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing
20 in which each horse participating in the race is a Thoroughbred, ~~(e.g., i.e.,~~ meeting
21 the requirements of and registered with The Jockey Club of New York) and is
22 mounted by a jockey;

23 ~~(47)~~~~[(37)]~~ "Track" means any association duly licensed by the Kentucky Horse Racing
24 and Gaming Corporation to conduct horse racing and includes:

25 (a) For facilities in operation as of 2010, the location and physical plant described
26 in the "Commonwealth of Kentucky Initial/Renewal Application for License
27 to Conduct Live Horse Racing, Simulcasting, and Pari-Mutuel Wagering,"

1 filed for racing to be conducted in 2010;

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

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

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

9 2. Not within a sixty (60) mile radius of another licensed track premise
10 where live racing is conducted and not within a forty (40) mile radius of
11 a simulcast facility, unless any affected track or simulcast facility agrees
12 in writing to permit a noncontiguous facility within the protected
13 geographic area;

14 ~~(48)~~~~[(38)]~~ "Unclaimed pari-mutuel winning ticket":

15 (a) Means the proof of wager that would require payment of winnings upon
16 submission to the track, but has been presumed abandoned under KRS
17 230.361; and

18 (b) Includes proof of wagers from live racing and simulcasting; and

19 ~~(49)~~~~[(39)]~~ "Unredeemed pari-mutuel voucher":

20 (a) Means a voucher issued by a licensed track that evidences the value of funds
21 or credits available that a patron may use for placing pari-mutuel wagers on
22 live or previously run horse races, or which the patron may redeem for cash,
23 but has been presumed abandoned under KRS 230.361; and

24 (b) Does not include:

25 1. Any proof of wagers or any other information related to specific wagers
26 placed on live or historical horse racing; or

27 2. Any vouchers that were voluntarily surrendered for donation to charity

1 or similar purposes.

2 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 13A IS CREATED TO
3 READ AS FOLLOWS:

4 Notwithstanding any law to the contrary, the Governor's signature or certification
5 shall not be required for the following administrative bodies to promulgate an
6 emergency or ordinary administrative regulation:

7 (1) The Kentucky Lottery Corporation; and

8 (2) The Kentucky Horse Racing and Gaming Corporation.

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

11 (1) As used in this section:

12 (a) "Child support arrearage" means a past-due child support obligation of five
13 hundred dollars (\$500) or more owed by an individual per Title IV-D case
14 pursuant to a Kentucky court order or an order of another state registered
15 and enforceable in Kentucky;

16 (b) "Disqualified person" means any individual who appears on the child
17 support arrearage registry maintained pursuant to subsection (2) of this
18 section;

19 (c) "Licensed online gaming operator" means any person or entity holding a
20 license issued by the Kentucky Horse Racing and Gaming Corporation who
21 offers online gaming, online sports wagering, or fantasy contests to persons
22 located within the Commonwealth; and

23 (d) "Online gaming" includes any gaming that is wagered upon a website,
24 mobile application, or any other off-site technology approved by the
25 Kentucky Horse Racing and Gaming Corporation pursuant to this chapter.

26 (2) The Office of the Attorney General or applicable administrative body shall:

27 (a) Compile and maintain a child support arrearage registry consisting of the

1 name, date of birth, and Social Security number of each individual who
2 owes a child support arrearage as defined in subsection (1)(a) of this
3 section; and

4 (b) 1. Transmit an updated registry to the corporation on a monthly basis, or
5 more frequently as practicable.

6 2. Upon receipt of the updated registry, the corporation shall disseminate
7 the registry to each licensed online gaming operator.

8 (3) A licensed online gaming operator shall:

9 (a) Prior to creating an account for any applicant, verify whether the applicant
10 appears on the child support arrearage registry; and

11 (b) Deny account creation to any applicant who is a disqualified person.

12 (4) A licensed online gaming operator shall, upon receipt of each updated registry
13 transmitted under subsection (2) of this section, cross-reference the updated
14 registry against its existing account holders. Any account holder identified as a
15 disqualified person shall have his or her account suspended within five (5)
16 business days of receipt of the updated registry. The operator shall provide notice
17 to the account holder of the suspension and the reason therefor.

18 (5) A suspended account shall be reinstated when the individual no longer appears
19 as a disqualified person on the registry transmitted under subsection (2) of this
20 section. Reinstatement shall occur no later than five (5) business days following
21 the licensed online gaming operator's receipt of an updated registry on which the
22 individual does not appear.

23 (6) A licensed online gaming operator that knowingly creates an account for, or
24 knowingly permits continued participation by, a disqualified person shall be
25 subject to administrative penalties imposed by the applicable licensing authority,
26 including suspension or revocation of the operator's license.

27 (7) A cause of action shall not lie against a licensed online gaming operator for

1 account denial or suspension undertaken in good-faith compliance with this
2 section.

3 (8) The applicable licensing authority shall promulgate administrative regulations
4 necessary to implement this section with respect to operators and products under
5 their respective jurisdiction, including procedures for secure data handling and
6 the account reinstatement process.

7 (9) This section shall not be construed to apply to persons licensed to conduct
8 charitable gaming under KRS Chapter 238.

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

11 (1) The corporation shall promulgate administrative regulations in accordance with
12 KRS Chapter 13A to govern the operation of fantasy contests and enforce
13 Sections 4 to 11 of this Act, but the corporation shall not limit or restrict lawful
14 fantasy contests solely by labeling them as sports wagering, except the
15 corporation may classify a contest as sports wagering when warranted by its
16 actual characteristics and consistent with state and federal law.

17 (2) The corporation shall:

18 (a) Regulate the conduct of fantasy contest service providers;

19 (b) Promulgate administrative regulations to regulate fantasy contests no later
20 than one hundred eighty (180) days after the effective date of this Act.

21 (c) Require a fantasy contest service provider to use geolocation technology to
22 verify that a fantasy contest participant is physically present in the
23 Commonwealth when submitting an entry unless otherwise authorized by
24 the corporation; and

25 (d) Exercise any other powers necessary to enforce the provisions of Sections 4
26 to 11 of this Act.

27 (3) The corporation and fantasy contest service providers shall cooperate with

1 investigations conducted by law enforcement agencies, including but not limited
2 to providing and facilitating the provision of account level entry and participation
3 information.

4 (4) Any participant in a fantasy contest shall be at least eighteen (18) years old.

5 (5) A licensed fantasy contest service provider shall not be forced to surrender or
6 terminate a license prior to the date of expiration of the license solely by virtue of
7 a change in the qualifications for licensure under Sections 4 to 11 of this Act.

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

10 Fantasy contest service providers shall:

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

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

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

16 (a) Verify a person's personally identifiable information; and

17 (b) Detect potential prohibited participants;

18 (4) Employ mechanisms on the fantasy contest service provider's platform that are
19 designed to detect and prevent:

20 (a) Unauthorized accounts;

21 (b) Fraud;

22 (c) Money laundering; and

23 (d) Collusion; and

24 (5) Make all commercially and technologically reasonable efforts to promptly notify
25 the corporation of:

26 (a) A confirmed breach of the relevant sport's governing body's internal rules
27 and codes of conduct, if provided to the fantasy contest service provider,

1 pertaining to participation in real-money fantasy contests;

2 (b) Any conduct that corrupts any outcome related to a sporting event or
3 sporting events for purposes of financial gain, including match fixing; and

4 (c) Confirmed illegal activities, including use of funds derived from illegal
5 activity, entries to conceal or launder funds derived from illegal activity,
6 multi-accounting, and using false identification.

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

9 (1) Except as otherwise provided in this section, a person shall not offer fantasy
10 contests in the Commonwealth unless the person is licensed by the corporation as
11 a fantasy contest service provider.

12 (2) An applicant for a fantasy contest service provider license shall:

13 (a) Submit an application to the corporation in the form the corporation
14 requires in the corporation's administrative regulations;

15 (b) Submit fingerprints for a national criminal history record check by a law
16 enforcement agency, which shall be:

17 1. Furnished by the applicant's director, officer, key employee, or
18 individual owner of five percent (5%) or more of the fantasy contest
19 service provider; and

20 2. Accompanied by a signed authorization for the release of information
21 by the law enforcement agency; and

22 (c) Be denied a license if previously convicted of a disqualifying offense as
23 established in subsection (8) of this section.

24 (3) The corporation may require additional background checks on a fantasy contest
25 service provider when a fantasy contest service provider submits a renewal
26 application.

27 (4) This section shall not require a fantasy contest service provider applicant or

1 person who has submitted to a national criminal history record check in
2 Kentucky or any other state within the twelve (12) months prior to submitting the
3 application to resubmit to another record check if the fantasy service provider
4 applicant or person submits the results of the previous record check and affirms
5 there has been no material change since the previous record check.

6 (5) The form required by the corporation under subsection (2) of this section shall
7 include but is not limited to the following information:

8 (a) The fantasy contest service provider's name;

9 (b) The location of the fantasy contest service provider's principal place of
10 business;

11 (c) The fantasy contest service provider's contact information;

12 (d) The fantasy contest service provider's Social Security number or, if
13 applicable, federal employer identification number;

14 (e) The name and address of each person that holds a five percent (5%) or
15 more ownership interest or shares in the fantasy contest service provider;

16 (f) The fantasy contest service provider's criminal record or, if the fantasy
17 contest service provider is a business entity, any criminal record of a person
18 who is a director, officer, or key employee of the applicant or any person
19 who has a five percent (5%) or more ownership interest in the fantasy
20 contest service provider;

21 (g) Documentation identifying the following from the fantasy contest service
22 provider, or any director, officer, key employee, or individual owner of five
23 percent (5%) or more of the fantasy contest service provider that has:

24 1. Any ownership interest in a business that is or was a fantasy contest
25 service provider or similar entity in any jurisdiction;

26 2. An equity interest of five percent (5%) or more in any business of the
27 fantasy contest service provider. If a business has been identified

- 1 under this subparagraph, documentation shall be provided showing
2 the state in which the business is incorporated or registered, if
3 applicable;
- 4 3. Ever applied for or been granted any license, registration, or
5 certificate issued by a licensing authority in Kentucky or any other
6 jurisdiction for a gaming activity; and
- 7 4. Filed or been served with a complaint or other notice filed by a public
8 body regarding the delinquency in payment of or dispute over filings
9 concerning the payment of any tax required under federal, state, or
10 local law, including the amount of tax, type of tax, and taxing agency
11 and the time periods involved; and
- 12 (h) Information sufficient to show, as determined by the corporation, that the
13 fantasy contest service provider can meet the requirements of Sections 4 to
14 11 of this Act.
- 15 (6) The corporation may promulgate administrative regulations in accordance with
16 KRS Chapter 13A to establish additional qualifications and requirements to
17 preserve the integrity and security of fantasy contests and to promote and
18 maintain a competitive fantasy contest market.
- 19 (7) On receipt of a completed application and the required fee, the corporation shall
20 conduct the necessary background investigation to determine if the applicant
21 meets the qualifications for licensure. On completion of the investigation, the
22 corporation shall issue a license or deny the application. If the application for
23 licensure is denied, a statement setting forth the grounds for denial shall be
24 forwarded to the applicant together with all other documents relied on by the
25 corporation, to the extent allowed by law.
- 26 (8) (a) A person shall not be issued a license if the person has been convicted of a
27 violation of state or federal law that is:

1 1. A felony;

2 2. Any crime involving illegal gaming or gambling; or

3 3. Any crime involving theft or fraud that is or would be a felony or

4 Class A misdemeanor in the Commonwealth of Kentucky.

5 (b) The prohibitions in paragraph (a) of this subsection shall apply to the

6 applicant or licensee, or director, officer, key employee, or individual owner

7 of five percent (5%) or more of the fantasy contest service provider.

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

10 (1) As part of its submission for licensure or renewal, a fantasy contest service
11 provider applicant shall:

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

14 (b) Annually contract with a testing laboratory, certified public accountant, or
15 another professional service provider recognized by the corporation to verify
16 compliance with Sections 4 to 11 of this Act; and

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

20 (2) An initial fantasy contest service provider is not required to submit an audit
21 report and report of the testing laboratory until twenty-four (24) months
22 following the issuance of a license.

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

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

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

4 (3) If the corporation receives a complaint of prohibited conduct by an athlete or
5 referee or other officiant, the corporation shall notify the appropriate sports
6 governing body of the athlete or referee or other officiant to review the complaint
7 as provided by the corporation.

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

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

13 (1) A person shall not participate in a fantasy contest in which the person is a
14 restricted participant.

15 (2) A restricted participant may participate in fantasy contests that are outside the
16 scope of the individual's profession, relationship, or reason for which the
17 individual has access to nonpublic information.

18 (3) A person is guilty of tampering with the outcome of a fantasy contest when the
19 person interacts with a player, coach, referee or other officiants, or other
20 restricted participant with the intent to persuade the restricted participant to act
21 in a way that would:

22 (a) Alter the outcome of the real-life sporting event related to the fantasy
23 contest; or

24 (b) Alter actions within the real-life sporting event upon which people might
25 rely on for scoring points in a fantasy contest.

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

1 (1) (a) A fantasy contest service provider that is currently licensed as a sports
2 wagering service provider under this chapter shall pay an:

3 1. Initial license fee of seven thousand five hundred dollars (\$7,500);

4 and

5 2. Annual renewal fee of five thousand dollars (\$5,000).

6 (b) A fantasy contest service provider that is not currently licensed as a sports
7 wagering service provider under this chapter shall pay an:

8 1. Initial license fee of fifteen thousand dollars (\$15,000); and

9 2. Annual renewal fee of ten thousand dollars (\$10,000).

10 (c) 1. As used in this paragraph:

11 a. "Adjusted gross fantasy contest receipts" means the total sum of
12 entry fees collected by a fantasy contest service provider from all
13 fantasy contest participants entering a fantasy contest, less
14 winnings paid to fantasy contest participants in the contest,
15 multiplied by the location percentage; and

16 b. "Location percentage" means the percentage of the total entry
17 fees for each fantasy contest collected from fantasy contest
18 participants located in the Commonwealth divided by the total
19 entry fees collected from all fantasy contest participants in the
20 fantasy contest, rounded to the nearest one-tenth of one percent
21 (0.1%).

22 2. A fantasy contest service provider that has less than fifty thousand
23 dollars (\$50,000) a year in adjusted gross fantasy contest receipts shall
24 pay an:

25 a. Initial license fee of five thousand dollars (\$5,000); and

26 b. Annual renewal fee of one thousand dollars (\$1,000).

27 3. a. If a fantasy contest service provider exceeds the fifty thousand

dollar (\$50,000) threshold any year, the fantasy contest service provider shall within ninety (90) days of exceeding that threshold resubmit an application for licensure to the corporation and pay the initial license fee and annual renewal fee that is applicable to the fantasy contest service provider under paragraphs (a) and (b) of this subsection.

b. The fantasy contest service provider shall only pay the difference between the applicable initial license fee required in subparagraph 3.a. of this paragraph and the previously paid initial license fee in subparagraph 2.a. of this paragraph.

(2) A fantasy contest service provider that was offering contests to persons located in this Commonwealth before the effective date of this Act may continue to offer contests to persons located in this Commonwealth until the fantasy contest service provider's application has been approved or denied, if the fantasy contest service provider submits an application for licensure with the corporation within ninety (90) days after the corporation promulgates administrative regulations to effectuate Sections 4 to 11 of this Act.

(3) (a) Licenses issued by the corporation shall remain in effect for one (1) year. The corporation shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish a process for renewal.

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

(4) A fantasy contest service provider applying for a license or renewal of a license may operate during the application period unless the corporation:

- 1 (a) Has reasonable cause to believe that the fantasy contest service provider is
2 or may be in violation of a provision of Sections 4 to 11 of this Act; and
3 (b) Requires the fantasy contest service provider to suspend the operation of
4 any fantasy contests until the license or renewal of a license is issued.
5 (5) The corporation shall enforce and collect all fees, penalties, taxes, and any other
6 payments imposed under this section.

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

- 9 (1) Each fantasy contest service provider shall include a statement regarding
10 obtaining assistance with real-money gaming problems on the fantasy contest
11 service provider's portal, website, computer, or mobile application and on all
12 marketing materials and advertisements of the fantasy contest service provider.
13 (2) (a) A resident, or nonresident if allowed to participate in fantasy contests, may
14 voluntarily prohibit himself or herself from establishing a fantasy contest
15 account with a fantasy contest service provider.
16 (b) The corporation shall incorporate the voluntary self-exclusion program for
17 fantasy contests into any existing self-exclusion program that it operates on
18 the effective date of this Act.
19 (3) If a self-excluded person participates in a fantasy contest, the fantasy contest
20 service provider shall report to the corporation, at a minimum, the name of the
21 self-excluded person, the date of participation, the amount or value of any money,
22 prizes, or awards forfeited, if any, and any other action taken.
23 (4) A fantasy contest service provider shall not pay any prize or award to a person
24 who is on the corporation's self-exclusion list. Any prize or award won by a
25 person on the self-exclusion list is forfeited and shall be donated by the fantasy
26 contest service provider to the problem gaming charities or programs as identified
27 and directed by the corporation on a quarterly basis by the twenty-fifth day of the

1 following month.

2 (5) A fantasy contest service provider shall develop and maintain a program to
3 mitigate and curtail compulsive play, which may be conducted in conjunction
4 with the corporation.

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

7 (1) There is hereby established in the corporation a restricted account to be known as
8 the purse stabilization fund. The fund shall consist of any moneys received from
9 the excise tax collected under Section 13 of this Act that derives from wagers
10 placed on horse racing.

11 (2) The fund shall be administered by the corporation.

12 (3) The amounts deposited in the fund:

13 (a) Shall be held in the restricted account for at least one and one-half (1-1/2)
14 years after the effective date of this Act; and

15 (b) Shall not be used except as the corporation determines is reasonably
16 necessary to supplement purses at live horse racing meets in an amount not
17 to exceed ten percent (10%) of the fund.

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

20 ➔Section 13. KRS 138.552 is amended to read as follows:

21 (1) As used in this section:

22 (a) "Adjusted gross fixed-odds wagering revenue" means the total sum of
23 wagers collected on all fixed-odds wagers on live horse racing and all
24 combination of bets of multiple individual wagers into one (1) bet that
25 includes one (1) or more fixed-odds wagers on live horse racing, less
26 winnings paid to participants in the contest and all excise taxes paid
27 pursuant to federal law;

1 **(b)** "Adjusted gross sports wagering revenue" means the total sum of wagers
2 collected on all sporting events, except any combination of bets of multiple
3 individual wagers into one (1) bet that includes one (1) or more fixed-odds
4 wagers on live horse racing, less winnings paid to participants in the contest
5 and all excise taxes paid pursuant to federal law;

6 **(c)**~~**(b)**~~ "Department" means Department of Revenue;

7 **(d)**~~**(e)**~~ "Fixed-odds wagering" has the same meaning as in Section 1 of this
8 Act;

9 **(e)** "Sporting event" means an event at which two (2) or more persons
10 participate in athletic contests or an event that takes place in relation to
11 athletic contests as approved by the corporation, but shall not include horse
12 racing or amateur youth sports or athletic events in which the majority of
13 participants are under the age of eighteen (18) years~~[has the same meaning~~
14 as in KRS 230.210];

15 **(f)**~~**(d)**~~ "Sports wagering" means the wagering conducted under KRS Chapter
16 230 on sporting events or portions of sporting events, or on the individual
17 performance statistics of athletes in a sporting event or combination of
18 sporting events, in conformance with federal law and as authorized by the
19 corporation pursuant to KRS Chapter 230~~[has the same meaning as in KRS~~
20 230.210]; and

21 **(g)**~~**(e)**~~ "Taxpayer" means any person liable for tax under this section.

22 (2) An excise tax is imposed on persons licensed~~[to conduct sports wagering]~~ under
23 KRS 230.811 and 230.814 to conduct~~[at a rate of]~~:

24 (a) Sports wagering at a rate of:

25 1. Nine and three-quarters percent (9.75%) on the adjusted gross sports
26 wagering revenue on wagers placed at the licensed track; and

27 2.~~**(b)**~~ Fourteen and one-quarter percent (14.25%) on the adjusted gross

1 sports wagering revenue on wagers placed online via websites or mobile
2 applications or other off-site technology approved by the Kentucky
3 Horse Racing and Gaming Corporation; and

4 (b) Fixed-odds wagering at a rate of:

5 1. Nine and three-quarters percent (9.75%) on the adjusted gross fixed-
6 odds wagering revenue of fixed-odds wagers on live horse racing
7 placed at the licensed track; and

8 2. Fourteen and one-quarter percent (14.25%) on the adjusted gross
9 fixed-odds wagering revenue of fixed-odds wagers on live horse racing
10 placed online via websites or mobile applications or other off-site
11 technology approved by the Kentucky Horse Racing and Gaming
12 Corporation.

13 (3) The excise taxes imposed in:

14 (a) Subsection (2)(a) of this section ~~and~~ shall be transferred ~~appropriated~~ to
15 the sports wagering administration fund established in KRS 230.817 and
16 appropriated for the purposes established in that section; and

17 (b) Subsection (2)(b) of this section shall be transferred to the purse
18 stabilization fund established in Section 12 of this Act and appropriated for
19 the purposes established in that section.

20 ~~(4)(3)~~ The department shall enforce the provisions of and collect the taxes and
21 penalties imposed in this section, and in doing so it shall have the general powers
22 and duties granted it in KRS Chapters 131 and 135, including the power to enforce,
23 by an action in the Franklin Circuit Court, the collection of the taxes, penalties, and
24 other payments imposed or required by this section.

25 ~~(5)(4)~~ The tax imposed by this section is due and payable to the department monthly
26 and shall be remitted on or before the twentieth day of the next succeeding calendar
27 month. If a taxpayer's adjusted gross revenue for a month is a negative number, the

1 taxpayer may carry over the negative amount to the return filed for the subsequent
2 month. However, no amount shall be carried over in any period more than twelve
3 (12) months after the month in which the amount carried over was originally due.

4 ~~(6)~~~~(5)~~ (a) Payment shall be accompanied by a return prescribed by the department.

5 (b) **For sports wagering only**, the return form shall report, at a minimum:

- 6 1. The total sum of wagers collected in person and electronically through a
7 mobile application;
- 8 2. Winnings paid in person and electronically through a mobile
9 application;
- 10 3. Adjusted gross revenue in person and electronically through a mobile
11 application;
- 12 4. Tax rates applied to adjusted gross revenue in person and electronically
13 through a mobile application;
- 14 5. The tax due from adjusted gross revenues in person and electronically
15 through a mobile application;
- 16 6. Federal excise taxes paid; and
- 17 7. The total wagering tax due.

18 ~~(7)~~~~(6)~~ Wagering taxes due and payable in accordance with this section shall be paid
19 via electronic funds transfer. The taxpayer shall provide the department with all
20 protocol documentation and electronic funds transfer data necessary to facilitate the
21 timely transfer of funds.

22 ~~(8)~~~~(7)~~ Any taxpayer who violates any provision of this section shall be subject to the
23 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax
24 interest rate as defined in KRS 131.010(6).

25 ~~(9)~~~~(8)~~ The Kentucky Horse Racing and Gaming Corporation may suspend, revoke,
26 or decline to renew a license upon the taxpayer's failure to timely submit payment
27 of taxes due under this section or the administrative regulations promulgated by the

1 department.

2 ~~(10)~~~~(9)~~ The taxes imposed by this section shall be in lieu of all other state and local
3 taxes and fees imposed on the operation of, or the proceeds from, the operation of
4 sports wagering.

5 ➔Section 14. KRS 230.215 is amended to read as follows:

6 (1) (a) It is the policy of the Commonwealth of Kentucky, in furtherance of its
7 responsibility to foster and to encourage legitimate occupations and industries
8 in the Commonwealth and to promote and to conserve the public health,
9 safety, and welfare, and it is hereby declared the intent of the Commonwealth
10 to foster and to encourage the horse breeding industry within the
11 Commonwealth and to encourage the improvement of the breeds of horses.

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

17 (c) Further, it is hereby declared the policy and intent of the Commonwealth that
18 the conduct of horse racing, or the participation in any way in horse racing, or
19 the entrance to or presence where horse racing is conducted, is a privilege and
20 not a personal right; and that this privilege may be granted or denied by the
21 corporation or its duly approved representatives acting in its behalf.

22 (d) Further, it is hereby declared the policy and intent of the Commonwealth that
23 citizens shall be allowed to enjoy wagering on sporting events in a controlled
24 environment that protects the citizens from cheating and fraud, and that such
25 wagering shall be best controlled and overseen by the Kentucky Horse Racing
26 and Gaming Corporation, which has demonstrated a long and successful
27 history of regulating wagering.

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

1 in the corporation exclusive jurisdiction over sports wagering, *fantasy*
2 *contests, and fixed-odds wagering* in the Commonwealth, with power to
3 promulgate administrative regulations prescribing conditions under which all
4 sports wagering, *fantasy contests, and fixed-odds wagering are*~~[-is]~~ to be
5 conducted.

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

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

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

24 ➔Section 15. KRS 230.225 is amended to read as follows:

25 (1) There is hereby created and established the Kentucky Horse Racing and Gaming
26 Corporation to regulate all forms of live horse racing, pari-mutuel wagering, sports
27 wagering, *fantasy contests, fixed-odds wagering,* breed integrity and development,

1 and on and after July 1, 2025, charitable gaming, in the Commonwealth, exclusive
2 of the state lottery established under KRS Chapter 154A. It shall be an independent,
3 de jure municipal corporation and political subdivision of the Commonwealth of
4 Kentucky which shall be a public body corporate and politic. The corporation shall
5 be deemed a public agency within the meaning of KRS 61.805 and 61.870. The
6 corporation shall be managed in such a manner that enables the people of the
7 Commonwealth to benefit from its actions and to enjoy the best possible racing and
8 gaming experiences. The General Assembly hereby recognizes that the operations
9 of racing and gaming are unique activities for state government and that a corporate
10 structure will best enable racing and gaming to be managed in a businesslike
11 manner. It is the intent of the General Assembly that the Kentucky Horse Racing
12 and Gaming Corporation shall be accountable to the Governor, the General
13 Assembly, and the people of the Commonwealth.

14 (2) (a) 1. The Auditor of Public Accounts shall perform an audit of the
15 corporation once every four (4) years, a copy of which shall be sent to
16 the Governor and the Legislative Research Commission.

17 2. A different auditing entity that is qualified to evaluate municipal
18 corporations shall conduct an annual audit of the corporation once each
19 year in every year when the Auditor of Public Accounts does not
20 perform an audit. A copy of this audit shall be sent to the Governor and
21 Legislative Research Commission.

22 3. This first audit conducted under this subsection shall cover fiscal year
23 2024-2025.

24 (b) The corporation shall submit a written annual report to the Governor and the
25 Legislative Research Commission on or before October~~July~~ 1 of each year.~~{~~
26 ~~The first report shall be due July 1, 2025.}~~ The corporation shall file any
27 additional reports requested by the Governor or the Legislative Research

1 Commission. The annual report shall include the following information:

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

3 2. Actions taken by the corporation.

4 (c) The corporation may submit any additional information and recommendations
5 that the corporation considers useful or that the Governor or the Legislative
6 Research Commission requests.

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

9 (a) Live horse racing;

10 (b) Pari-mutuel wagering;

11 (c) Sports wagering;

12 (d) **Fantasy contests;**

13 **(e)** Charitable gaming~~[on and after July 1, 2025]~~;

14 ~~**(f)**~~~~**(e)**~~ Breed integrity and development; and

15 ~~**(g)**~~~~**(f)**~~ Related activities within the Commonwealth of Kentucky.

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

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

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

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

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

27 (b) Developing programs and procedures that will fulfill its oversight and

- 1 regulatory role on such matters as medical practices and integrity issues;
- 2 (c) Recommending tax incentives and implementing incentive programs to ensure
- 3 the strength and growth of the equine industry;
- 4 (d) Designing and implementing programs that strengthen the ties between
- 5 Kentucky's horse industry and the state's universities, with the goal of
- 6 significantly increasing the economic impact of the horse industry on
- 7 Kentucky's economy, improving research for the purpose of promoting the
- 8 enhanced health and welfare of the horse, and other related industry issues;
- 9 (e) Developing and supporting programs which ensure that Kentucky remains in
- 10 the forefront of equine research;
- 11 (f) Designing and implementing programs that support and ensure breed integrity
- 12 and development;
- 13 (g) Developing monitoring programs to ensure the highest integrity of sporting
- 14 events and sports wagering;
- 15 (h) Developing a program to share wagering information with sports governing
- 16 bodies upon which sports wagering may be conducted. The program shall be
- 17 designed to assist the corporation in determining potential problems or
- 18 questionable activity and provide reports to sports governing bodies
- 19 effectively;
- 20 (i) *Developing and implementing programs to ensure the highest integrity of*
- 21 *fantasy contests;*
- 22 (j) Developing programs and procedures that will fulfill its oversight and
- 23 regulatory role to ensure the highest integrity in charitable gaming;
- 24 (k)~~(j)~~ Developing programs and procedures that will provide oversight and
- 25 regulation for all current forms of gaming and wagering;
- 26 (l)~~(k)~~ Annually evaluating the allocation and use of funds among the purposes
- 27 listed in KRS 230.3612 from unredeemed pari-mutuel vouchers; and

(m) Ensuring that the correct responsibilities are assigned to each of its offices as established in KRS 230.232.

3 (6) (a) The corporation shall conduct all procurements in accordance with procedures
4 which are not inconsistent with the provisions of KRS Chapter 45A and this
5 chapter; provided, however, that this chapter shall control if and to the extent
6 that any provision in this chapter is expressly inconsistent with any provision
7 of KRS Chapter 45A.

(b) 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) 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) 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.

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

- 1 (a) A record is exempted from inspection under KRS 61.878;
- 2 (b) A record involves a trade secret or other legally protected intellectual property
- 3 or confidential proprietary information of the corporation or of an applicant,
- 4 licensee, individual, or entity having submitted information of such character
- 5 to the corporation, in which case, the portion of the record relating to these
- 6 subjects may be closed; or
- 7 (c) The disclosure of the record could impair or adversely affect the operational
- 8 security of the corporation in the regulation of matters within its jurisdiction
- 9 or could impair or adversely impact the operational security of applicants or
- 10 licensees.
- 11 (8) Meetings of the corporation through its board of directors shall be open to the
- 12 public in accordance with KRS 61.800 to 61.850 unless the exceptions set forth in
- 13 KRS 61.810 apply or the meeting addresses trade secrets, confidential or
- 14 proprietary information, or operational security issues as described in subsection
- 15 (7)(c) of this section. If this is the case, the corporation may meet in closed session
- 16 and shall follow the procedures set forth in KRS 61.815.
- 17 (9) The corporation may participate in all state agency price contracts to the same
- 18 extent as agencies of the Commonwealth in accordance with KRS 45A.050(3).
- 19 (10) (a) The corporation is hereby authorized to accept and expend such moneys as
- 20 may be appropriated by the General Assembly or such moneys as may be
- 21 received from any source for effectuating its purposes, including without
- 22 limitation the payment of the initial expenses of administration and operation
- 23 of the corporation.
- 24 (b) After the transfer to the corporation of any funds appropriated in fiscal year
- 25 2024-2025 and fiscal year 2025-2026 for the administration of this chapter
- 26 and KRS Chapter 238, the corporation shall be self-sustaining and self-funded
- 27 and moneys in the state general fund shall not be used or obligated to pay the

1 expenses of the corporation.

2 (11) On July 1, 2024:

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

5 (b) The Kentucky Horse Racing Commission shall be abolished and all
6 employees of the Kentucky Horse Racing Commission are transferred to the
7 corporation; and

8 (c) All personnel, equipment, and funding shall be transferred from the Kentucky
9 Horse Racing Commission to the Kentucky Horse Racing and Gaming
10 Corporation.

11 (12) On July 1, 2025:

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

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

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

21 (13) Notwithstanding any other law to the contrary, nothing in this chapter or KRS
22 Chapter 238 shall authorize the corporation to:

23 (a) Regulate or control horse sales;

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

25 (c) Prohibit or restrict any approved, either by statute or administrative
26 regulation, game or charitable gaming activity in use in the Commonwealth as
27 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.

(14) This section shall not prohibit the corporation from denying, suspending, or revoking a license, imposing probationary conditions on a license, issuing a written reprimand or warning, imposing fines or penalties, issuing cease and desist orders, or any combination thereof with regard to any licensee or person participating in charitable gaming in Kentucky for a violation of any federal or state statute, KRS Chapter 238, or any administrative regulation promulgated by the corporation pursuant to this chapter or KRS Chapter 238.

(15) The Attorney General has concurrent jurisdiction with the Commonwealth's attorneys and county attorneys of this state for the enforcement and prosecution of offenses under this chapter and KRS Chapter 238.

(16) (a) A licensee required to submit a report to the corporation under this chapter or KRS Chapter 238 shall submit with the report an attestation that the report is true, correct, and complete to the best of the applicant's knowledge and belief under penalty of perjury.

(b) Any information or data in the report provided to the corporation that is substantially misleading or containing materially false information shall be under penalty of refusal, suspension, or revocation of the license by the corporation.

➔Section 16. 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) members. All seventeen (17) 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

1 special session if such matter is included in the call therefor of the General
2 Assembly, at which time the chair or vice chair shall be subject to
3 confirmation by the Senate. If the Senate is not in session, the appointments
4 shall be subject to review by the Interim Joint Committee on State
5 Government, which shall hold a public hearing and shall transmit its
6 recommendations to the Senate. If the Senate refuses to confirm the chair or
7 vice chair, then the chair or vice chair shall forfeit the office as of the date on
8 which the Senate refuses to confirm the chair or vice chair.

9 (c) Members of the board appointed by the Governor shall serve a term of four
10 (4) years unless a member is removed, except the initial appointments under
11 subsection (6)(c) of this section shall be as follows:

12 1. Two (2) year terms shall be served by:

- 13 a. The five (5) members appointed under subsection (2)(b)2., 4., 6.,
14 8., and 11. of this section;
- 15 b. Two (2) appointees under subsection (2)(b)1. of this section;
- 16 c. One (1) appointee under subsection (2)(b)5. of this section; and
- 17 d. One (1) appointee under subsection (2)(b)9. of this section; and

18 2. Three (3) year terms shall be served by:

- 19 a. The three (3) members appointed under subsection (2)(b)3., 7., and
20 10. of this section;
- 21 b. One (1) appointee under subsection (2)(b)1. of this section;
- 22 c. Two (2) appointees under subsection (2)(b)5. of this section; and
- 23 d. Two (2) appointees under subsection (2)(b)9. of this section.

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

- 25 (a) Any member appointed to fill a vacancy occurring other than by expiration of
26 a term shall be appointed for the remainder of the unexpired term; and
- 27 (b) In making appointments, the Governor shall appoint members who meet the

1 following qualifications:

- 2 1. Three (3) members who represent the Thoroughbred industry;
- 3 2. One (1) member who represents the standardbred industry;
- 4 3. One (1) equine veterinarian who currently practices with race horses;
- 5 4. One (1) member shall be selected based on his or her training and
- 6 experience in the fields of investigation and law enforcement;
- 7 5. Three (3) experts in the gaming industry, with knowledge about the
- 8 technical and logistical sides of the wagering experience. At least one
- 9 (1) of these experts shall have expertise in the technical and logistical
- 10 sides of pari-mutuel wagering on previously run horse races;
- 11 6. One (1) expert in the operational aspects of the horse industry, with
- 12 particular knowledge of horse breeding;
- 13 7. One (1) expert in the operational aspects of the horse industry, with
- 14 particular knowledge of horse racing;
- 15 8. One (1) horse trainer licensed under this chapter;
- 16 9. Three (3) charitable gaming representatives;
- 17 10. One (1) member who represents the quarter horse industry; and
- 18 11. One (1) at-large member with no financial interest in the business or
- 19 industry regulated.

20 (3) (a) A member of the board of directors, by himself or herself or through others,
21 shall not knowingly:

- 22 1. Use or attempt to use the member's influence in any manner which
- 23 involves a substantial conflict between his or her personal or private
- 24 interest and the member's duties to the corporation;
- 25 2. Use or attempt to use any means to influence the corporation in
- 26 derogation of the corporation;
- 27 3. Use the member's official position or office to obtain financial gain for

1 himself or herself, or any spouse, parent, brother, sister, or child of the
2 director; or

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

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

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

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

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

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

25 3. Whether the director's participation is likely to have any significant
26 effect on the disposition of the matter;

27 4. The need for the director's particular contribution, such as special

1 knowledge of the subject matter, to the effective functioning of the
2 corporation; and

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

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

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

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

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

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

1 involvement in an official decision or other action of the corporation
2 impacting a broad class of persons or entities, and affecting the director to no
3 greater extent generally than the members of the class, shall not prohibit the
4 director's employment or engagement as a member of the class for any period
5 after service as a director.

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

11 (4) The board of directors shall:

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

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

16 (c) Determine whether to recommend administrative regulations to carry out and
17 implement its powers and duties, the operation of the corporation, the conduct
18 of live horse racing, pari-mutuel wagering, sports wagering, fantasy contests,
19 fixed-odds wagering, breed integrity and development, and on and after July
20 1, 2025, charitable gaming, and any other matters necessary or desirable for
21 the efficient and effective operation of the corporation or convenience of the
22 public;

23 (d) Review the performance of the corporation and:

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

26 2. Identify potential improvements in this chapter, the administrative
27 regulations of the corporation, and the management of the corporation;

1 and

2 3. Request from the corporation any information the board determines to
3 be relevant to its duties; and

4 (e) Provide the president with private-sector perspectives on the operation of a
5 racing and gaming enterprise.

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

7 (6) (a) The initial members of the board shall be the members of the Kentucky Horse
8 Racing Commission serving as of July 1, 2024. Those members shall continue
9 to serve as board members of the corporation for two (2) additional years until
10 July 1, 2026. The initial three (3) board members of the corporation who are
11 charitable gaming representatives shall be appointed on or after March 27,
12 2025, to serve until July 1, 2026.

13 (b) Any board member vacancy that occurs between July 1, 2024, and July 1,
14 2026, shall be filled by appointment for the remainder of that time period. An
15 appointment of the chair or vice chair created by a vacancy between July 1,
16 2024, and July 1, 2026, shall require confirmation of the appointment by the
17 Senate as provided in KRS 11.160 and subsection (1) of this section.

18 (c) Beginning on July 1, 2026, board members shall be appointed for initial and
19 regular terms in accordance with this section.

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

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

26 (c) Before entering upon the discharge of their duties, all members of the board of
27 directors of the Kentucky Horse Racing and Gaming Corporation shall take

1 the constitutional oath of office.

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

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

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

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

19 (b) The results of the national and state criminal background check shall be sent
20 to the corporation;

21 (c) The corporation shall be prohibited from releasing any criminal history record
22 information to any private or public entity, or authorizing receipt by such
23 private or public entity; and

24 (d) Any fee charged by the Department of Kentucky State Police or the Federal
25 Bureau of Investigation shall be an amount no greater than the actual cost of
26 processing the request and conducting the background check. The corporation
27 may charge this fee to the member.

- 1 (10) (a) The Governor may remove any board member for misfeasance, malfeasance,
2 or nonfeasance in office.
- 3 (b) The removal may be made after the member has been served with a copy of
4 the charges against him or her and the member has a public hearing, if
5 requested.
- 6 (c) The member charged may request a public hearing. The request shall be in
7 writing and shall be submitted to the Governor's office within ten (10) days of
8 the service of charges upon the member.
- 9 (d) If a public hearing is timely requested, the hearing shall be held before a
10 hearing officer appointed by the Governor. The hearing officer shall make
11 findings of fact and conclusions of law based upon the record of the hearing,
12 and shall provide the Governor with a recommendation for action. The
13 Governor's final decision, after recommendation by the hearing officer, may
14 be appealed to the Circuit Court of the county in which the cause of action
15 arose.
- 16 (11) Members of the board of directors shall be subject to all applicable provisions of
17 KRS Chapter 11A, except that this chapter shall control if and to the extent that any
18 provision in this chapter is expressly inconsistent with any provision of KRS
19 Chapter 11A.
- 20 (12) The provisions of KRS Chapters 18A and 64 shall not apply to the board, president,
21 managers, or staff of the corporation.
- 22 ➔Section 17. KRS 230.232 is amended to read as follows:
- 23 (1) The president of the Kentucky Horse Racing and Gaming Corporation shall
24 establish offices within the corporation. Each office shall have specific duties
25 assigned by the president. Topics addressed by the offices shall include but not be
26 limited to the following:
- 27 (a) Pari-mutuel wagering;

1 (b) Live horse racing;

2 (c) Breed development and integrity;

3 (d) Sports wagering;

4 (e) *Fantasy contests;*

5 *(f) Fixed-odds wagering;*

6 *(g)* Licensing, compliance, and investigations; and

7 *(h)*~~*(f)*~~ Charitable gaming.

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

10 (3) Each office may propose the promulgation of administrative regulations related to
11 its area of jurisdiction, but the corporation shall have final authority to promulgate
12 administrative regulations under this chapter and on and after July 1, 2025, final
13 authority to promulgate administrative regulations under KRS Chapter 238.

14 (4) The Office of Charitable Gaming shall be responsible for making formal
15 recommendations to the president on the following matters:

16 (a) Advancement of legal charitable gaming in the Commonwealth;

17 (b) Recommendations to ensure the highest integrity of charitable gaming
18 activities and that Kentucky advances lawful charitable gaming;

19 (c) Recommending programs and policy changes to ensure the strength and
20 growth of charitable gaming and the charitable gaming industry; and

21 (d) Monitoring and analyzing charitable organizations and technology needs of
22 the charitable gaming industry to determine how best to satisfy those needs.

23 ➔Section 18. KRS 230.260 is amended to read as follows:

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

- 1 (1) The corporation is vested with jurisdiction and supervision over all live horse
2 racing, pari-mutuel wagering, sports wagering, fantasy contests, fixed-odds
3 wagering, breed integrity and development, and on and after July 1, 2025,
4 charitable gaming, except for lottery games authorized under KRS Chapter 154A,
5 in this Commonwealth and over all associations and all persons on association
6 grounds and may eject or exclude therefrom or any part thereof, any person,
7 licensed or unlicensed, whose conduct or reputation is such that the person's
8 presence on association grounds may, in the opinion of the corporation, negatively
9 reflect on the honesty and integrity of horse racing, or on sporting events upon
10 which sports wagers may be placed, or interfere with the orderly conduct of horse
11 racing or racing at horse race meetings, but no persons shall be excluded or ejected
12 from association grounds solely on the ground of race, color, creed, national origin,
13 ancestry, or sex;
- 14 (2) The corporation is vested with jurisdiction over any person or entity that offers
15 advance deposit account wagering to Kentucky residents. Any such person or entity
16 under the jurisdiction of the corporation shall be licensed by the corporation, and
17 the corporation may impose a license fee not to exceed ten thousand dollars
18 (\$10,000) annually. The corporation may, by administrative regulation promulgated
19 in accordance with KRS Chapter 13A, establish conditions and procedures for the
20 licensing of advance deposit account wagering providers to include but not be
21 limited to:
- 22 (a) A fee schedule for applications for licensure; and
23 (b) Reporting requirements to include quarterly reporting on:
- 24 1. The amount wagered on Kentucky races; and
25 2. The total amount wagered by Kentuckians;
- 26 (3) The corporation is vested with jurisdiction over any totalizator company that
27 provides totalizator services to a racing association located in the Commonwealth.

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

- 1 (9) Applications for licenses may be made in the form and manner and contain
2 information as required by the corporation through the promulgation of
3 administrative regulations. Fees for all licenses issued under KRS 230.310 shall be
4 prescribed by and paid to the corporation;
- 5 (10) The corporation may establish by administrative regulation minimum fees for
6 jockeys to be effective in the absence of a contract between an employing owner or
7 trainer and a jockey. The minimum fees shall be no less than those of July 1, 1985;
- 8 (11) The corporation may refuse to issue or renew a license, revoke or suspend a license,
9 impose probationary conditions on a license, issue a written reprimand or
10 admonishment, impose fines or penalties, deny purse money, require the forfeiture
11 of purse money, or any combination thereof with regard to a licensee or other
12 person participating in Kentucky horse racing for violation of any federal or state
13 statute, regulation, or steward's or corporation's directive, ruling, or order to
14 preserve the integrity of Kentucky horse racing or to protect the racing public. The
15 corporation may, by administrative regulation, establish the criteria for taking the
16 actions described in this subsection;
- 17 (12) The corporation may issue subpoenas for the attendance of witnesses before it and
18 for the production of documents, records, papers, books, supplies, devices,
19 equipment, and all other instrumentalities related to live horse racing, pari-mutuel
20 wagering, sports wagering, *fantasy contests, fixed-odds wagering,* breed integrity
21 and development, and on and after July 1, 2025, charitable gaming, within the
22 Commonwealth. The corporation may administer oaths to witnesses and require
23 witnesses to testify under oath whenever, in the judgment of the corporation, it is
24 necessary to do so for the effectual discharge of its duties;
- 25 (13) The corporation shall have authority to compel any racing association licensed
26 under this chapter to file with the corporation at the end of its fiscal year, a balance
27 sheet, showing assets and liabilities, and an earnings statement, together with a list

1 of its stockholders or other persons holding a beneficial interest in the association;

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

5 (15) (a) The corporation ~~shall~~^{may} promulgate administrative regulations in
6 accordance with KRS Chapter 13A to establish:~~[establishing]~~

7 1. A self-exclusion list for individuals who self-identify as being problem
8 or compulsive gamblers;

9 2. A process for compilation and maintenance of the self-exclusion list;

10 3. A process for dissemination of the self-exclusion list; and

11 4. A process for notifying the public of the methods an individual may
12 use to self-identify.

13 (b) Self-exclusion information collected by each required licensee~~[racing~~
14 ~~association]~~ shall be forwarded to the corporation~~], and the information from~~
15 ~~the racing associations shall be compiled into a comprehensive list that shall~~
16 ~~be provided to all racing associations].~~

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

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

- 1 (b) The corporation may promulgate administrative regulations related to age
2 requirements for placing sports wagers, availability of information related to
3 sports wagers, and licensing requirements, including temporary
4 authorizations, for service providers, vendors, and suppliers; and
- 5 (17) (a) On and after July 1, 2025, the corporation is vested with jurisdiction and
6 supervision over all charitable gaming and may promulgate administrative
7 regulations to establish standards for the conduct of charitable gaming
8 consistent with the guidelines established in this chapter and KRS Chapter
9 238. The corporation may eject or exclude therefrom or any part thereof, any
10 person, licensed or unlicensed, whose conduct or reputation is such that the
11 person's presence at a charitable gaming facility may, in the opinion of the
12 corporation, negatively reflect on the honesty and integrity of charitable
13 gaming, or interfere with the orderly conduct of charitable gaming at a
14 charitable gaming facility, but no persons shall be excluded or ejected from a
15 charitable gaming facility solely on the ground of race, color, creed, national
16 origin, ancestry, or sex.
- 17 (b) The administrative regulations of the Kentucky Horse Racing Commission
18 that are in effect on July 1, 2024, shall remain in effect as the initial
19 administrative regulations of the corporation until the corporation amends or
20 repeals the administrative regulations pursuant to KRS Chapter 13A, except
21 as provided by KRS 13A.3102, 13A.3104, and 13A.330.
- 22 (c) The administrative regulations of the Department of Charitable Gaming that
23 are in effect on July 1, 2025, shall remain in effect as the initial administrative
24 regulations of the corporation until the corporation amends or repeals the
25 administrative regulations pursuant to KRS Chapter 13A, except as provided
26 by KRS 13A.3102, 13A.3104, and 13A.330.

27 ➔Section 19. KRS 230.300 is amended to read as follows:

- 1 (1) Any person desiring to conduct horse racing at a horse race meeting within the
2 Commonwealth of Kentucky or to engage in simulcasting and intertrack wagering
3 as a receiving track during any calendar year shall first apply to the corporation for
4 a license to do so. The application shall be filed at the corporation's general office
5 on or before October 1 of the preceding year with respect to applications to conduct
6 live horse race meetings, and with respect to intertrack wagering dates, and on
7 forms prescribed by the corporation. The application shall include the following
8 information:
- 9 (a) The full name and address of the person making application;
 - 10 (b) The location of the place, track, or enclosure where the applicant proposes to
11 conduct horse racing meetings;
 - 12 (c) The dates on which the applicant intends to conduct horse racing, which shall
13 be successive days unless authorized by the corporation;
 - 14 (d) The proposed hours of each racing day and the number of races to be
15 conducted;
 - 16 (e) The names and addresses of all principals associated with the applicant or
17 licensee;
 - 18 (f) The type of organizational structure under which the applicant operates, i.e.,
19 partnership, trust, association, limited liability company, or corporation, and
20 the address of the principal place of business of the organization;
 - 21 (g) Any criminal activities in any jurisdiction for which any individual listed
22 under paragraphs (a) and (e) has been arrested or indicted and the disposition
23 of the charges, and any current or on-going criminal investigation of which
24 any of these individuals is the subject; and
 - 25 (h) Any other information that the corporation by administrative regulation deems
26 relevant and necessary to determine the fitness of the applicant to receive a
27 license, including fingerprints of any individual listed under paragraphs (a)

1 and (e), if necessary for proper identification of the individual or a
2 determination of suitability to be associated with a licensed racing association.

3 (2) An application for association license shall be accompanied by the following
4 documents:

5 (a) For a new license applicant, a financial statement prepared and attested to by a
6 certified public accountant in accordance with generally accepted accounting
7 principles, showing the following:

- 8 1. The net worth of the applicant;
- 9 2. Any debts or financial obligations owed by the applicant and the persons
10 to whom owed; and
- 11 3. The proposed or current financing structure for the operation and the
12 sources of financing.

13 (b) For a license renewal applicant, an audited financial statement for the prior
14 year;

15 (c) A copy of the applicant's federal and state tax return for the previous year.
16 Tax returns submitted in accordance with this provision shall be treated as
17 confidential;

18 (d) A statement from the Department of Revenue that there are no delinquent
19 taxes or other financial obligations owed by the applicant to the state or any of
20 its agencies or departments;

21 (e) A statement from the county treasurer of the county in which the applicant
22 conducts or proposes to conduct horse racing meetings that there are no
23 delinquent real or personal property taxes owed by the applicant.

24 (3) The completed application shall be signed by the applicant or the chief executive
25 officer if the applicant is an organization, sworn under oath that the information is
26 true, accurate, and complete, and the application shall be notarized.

27 (4) If there is any change in any information submitted in the application process, the

1 applicant or licensee shall notify the corporation within thirty (30) days of the
2 change.

3 (5) (a) The corporation shall as soon as practicable, but in no event later than
4 November 1 in any calendar year, award dates for racing in the
5 Commonwealth during the next year. In awarding dates, the corporation shall
6 consider and seek to preserve each track's usual and customary dates, as these
7 dates are requested. If dates other than the usual and customary dates are
8 requested, the applicant shall include a statement in its application setting
9 forth the reasons the requested dates are sought. Dates for the conduct of
10 intertrack wagering shall be awarded as provided in KRS 230.377.~~[In the~~
11 ~~event scheduled racing is canceled by reason of flood, fire, inclement weather,~~
12 ~~or other natural disaster or emergency, the corporation may award after~~
13 ~~November 1 additional racing dates to make up for those dates canceled.]~~

14 (b) After November 1, the corporation may authorize additional racing dates or
15 otherwise make adjustments or amendments to the racing dates awarded if
16 doing so is requested by the licensed association, supported by the
17 applicable horsemen's group, deemed to be in the best interest of racing,
18 and, if the change impacts the race dates of another licensed association,
19 only with the affected licensed association's express written consent.

20 (6) The corporation may issue a license to conduct a horse race meeting to any
21 association making the aforesaid application if the applicant meets the requirements
22 established in KRS 138.530 and other applicable provisions of this chapter, and if
23 the corporation finds that the proposed conduct of racing by the association would
24 be in the best interest of the public health, safety, and welfare of the immediate
25 community as well as to the Commonwealth.

26 (7) As a condition precedent to the issuance of a license, the corporation may require a
27 surety bond or other surety conditioned upon the payment of all taxes due the

- 1 Commonwealth, together with the payment of operating expenses including purses
2 and awards to owners of horses participating in races.
- 3 (8) The corporation may impose a fee and may establish, by administrative regulation
4 promulgated in accordance with KRS Chapter 13A, a fee schedule for association
5 license applications.
- 6 (9) The corporation may require an applicant for an association license to submit to a
7 background check of the applicant, or of any principal, individual, or organization
8 associated with the applicant. The corporation shall not require a background check
9 for any individual who is a principal as defined in KRS 230.210 but owns stock or
10 financial interest in the applicant of less than ten percent (10%). An applicant shall
11 be required to reimburse the corporation for the cost of any background check
12 conducted.
- 13 (10) Every license issued under this chapter shall specify among other things the name
14 of the person to whom issued, the address and location of the track where the horse
15 race meeting to which it relates is to be held or conducted, and the days and hours
16 of the day when the meeting will be permitted; provided, however, that no track that
17 is granted overlapping dates for the conduct of a live race meeting with another
18 horse racing track within a fifty (50) mile radius shall be permitted to have a post
19 time after 5:30 p.m., prevailing time for overlapping days between July 1 and
20 September 15, unless agreed to in writing by the tracks affected.
- 21 (11) A license issued under this section is neither transferable nor assignable and shall
22 not permit the conduct of a horse race meeting at any track not specified therein.
23 However, if the track specified becomes unsuitable for racing because of flood, fire,
24 or other catastrophe, the corporation may, upon application, authorize the meeting,
25 or any remaining portion thereof, to be conducted at any other suitable track
26 available for that purpose, provided that the owner of the track willingly consents to
27 the use thereof.

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

4 (13) The corporation may at any time require the removal of any official or employee of
5 any association in those instances where it has reason to believe that the official or
6 employee has been guilty of any dishonest practice in connection with horse racing
7 or has failed to comply with any condition of his or her license or has violated any
8 law or any administrative regulation of the corporation.

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

12 (15) (a) A licensee or applicant under this chapter, KRS Chapter 238, or any other
13 licensee that the corporation has authority over, shall not be issued a license
14 or be allowed to renew a license if there is a failure by the licensee or
15 applicant to pay any taxes imposed under KRS 138.510, 138.513, 138.552,
16 in addition to any other taxes, license fees, or any other payments required
17 to the Commonwealth under this chapter and KRS Chapters 132, 138, 139,
18 141, and 238 including but not limited to:

19 1. Any financial obligations related to the following:

20 a. Parimutuel wagering;

21 b. Advance deposit wagering;

22 c. Sports wagering;

23 d. Fantasy contests;

24 e. Event contracts; or

25 f. Charitable gaming; or

26 2. Any transactions or fees or any other financial obligations owed to the
27 state or any of its agencies or departments.

1 **(b) The Department of Revenue may provide information to the corporation**
2 **pertaining to a potential applicant or licensee in paragraph (a) as permitted**
3 **by Section 53 of this Act.**

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

- 5 (1) (a) Every person not required to be licensed under KRS 230.300 who desires to
6 participate in horse racing in the Commonwealth as a horse owner, trainer,
7 jockey, apprentice jockey, agent, stable employee, racing official, association
8 employee, or employee of a person or concern contracting with the
9 association to provide a service or commodity and which requires their
10 presence on association grounds during a race meeting, or veterinarian,
11 farrier, horse dentist, or supplier of food, tack, medication, or horse feed, or in
12 any other capacity as the corporation may establish by administrative
13 regulation, shall first apply to the corporation for a license to participate in the
14 activity on association grounds during a race meeting. ~~A[No]~~ person required
15 to be licensed by this section **shall not**~~may~~ participate in any activity
16 required to be licensed on association grounds during a race meeting without a
17 valid license therefor.
- 18 (b) An applicant for a license shall submit to the corporation fingerprints as may
19 be required and other information necessary and reasonable for processing a
20 license application. The corporation is authorized to exchange fingerprint data
21 with the Department of Kentucky State Police and the Federal Bureau of
22 Investigation in order to conduct a criminal history background check of an
23 applicant.
- 24 (c) The corporation may issue a license if it finds that the financial responsibility,
25 age, experience, reputation, competence, and general fitness of the applicant
26 to perform the activity permitted by a license are consistent with the best
27 interest of racing and the maintenance of the honesty, integrity, and high

1 quality thereof.

2 (2) (a) Every person who desires to participate in sports wagering in the
3 Commonwealth working in a licensed facility for sports wagering, directly
4 supervising individuals who have the capability of affecting the outcome of
5 sports wagering, or having the capability to affect the outcome of sports
6 wagering through deployment of code to production for any critical
7 component of a sports wagering system or the capability to deploy code to
8 production shall first apply to the corporation for a valid occupational license
9 to participate in that activity.

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

16 (c) The corporation may issue a license if it finds that the financial responsibility,
17 age, experience, reputation, competence, and general fitness of the applicant
18 to perform the activity permitted by a license are consistent with the best
19 interest of sports wagering in the Commonwealth, and the maintenance of the
20 honesty, integrity, and high quality thereof.

21 (3) (a) As used in this subsection:

22 1. "Affiliate" means an entity that is owned or controlled in whole or in
23 part by the licensee; and

24 2. "Beneficial interest" means participation in the proceeds of charitable
25 gaming either as a licensee, operator, or charitable recipient of the
26 proceeds of the charity or foundation that receives proceeds.

27 (b) An association or track that holds a license to conduct racing under this

chapter, or its affiliate, shall not hold a license to conduct charitable gaming under KRS Chapter 238 or have a beneficial interest in the proceeds of charitable gaming.

(c) This subsection shall not prevent an association or track that holds a license to conduct racing under this chapter, or its affiliate, from:

1. Leasing space to a charitable organization or nonprofit organization at a commercially reasonable rate; or

2. Conducting raffles or other special limited charity fundraising events as authorized by the corporation.

(d) 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.

(e) 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 charitable gaming in the Commonwealth, and the maintenance of honesty, integrity, and high quality thereof.

(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

1 uniform, reciprocal licensing with other states.

2 ➔Section 21. KRS 230.361 is amended to read as follows:

3 (1) (a) The corporation may promulgate administrative regulations governing and
4 regulating mutuel wagering on horse races under what is known as the pari-
5 mutuel system of wagering.

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

10 (c) 1. The pari-mutuel system of wagering shall be operated only by a
11 totalizator or other mechanical equipment approved by the corporation.
12 The corporation shall not require any particular make of equipment.

13 2. At the earliest opportunity consistent with existing contractual
14 provisions, licensed totalizator companies, licensed race tracks, and
15 associations shall:

16 a. Accelerate the adoption of technologies to promote and aid in the
17 development of the operation of the wagering systems on live
18 horse racing;

19 b. Update the totalizator and other mechanical equipment, which
20 has been licensed by the corporation, to include commercially
21 reasonable access to the betting odds for retail bettors by April 1,
22 2027; and

23 c. At a minimum, update technologies related to the pari-mutuel
24 system of wagering annually.

25 (2) The corporation may promulgate administrative regulations governing and
26 regulating sports wagering, including administrative regulations for the deposit of
27 funds by credit or debit cards or other means of electronic funds transfer. The

1 corporation may promulgate administrative regulations to establish a fully
2 functioning sports wagering system within six (6) months after June 29, 2023.

3 (3) The operation of a pari-mutuel system for betting, or the conduct of sports
4 wagering, *fantasy contests, or fixed-odds wagering*, where authorized by law shall
5 not constitute grounds for the revocation or suspension of any license issued and
6 held under KRS 242.1238 and 243.265.

7 (4) Notwithstanding any law to the contrary:

8 (a) The corporation may promulgate administrative regulations governing all
9 reported but unclaimed pari-mutuel winning tickets and unredeemed pari-
10 mutuel vouchers held in this state by any person or association operating a
11 pari-mutuel or similar system of betting authorized under this chapter; and

12 (b) The unclaimed pari-mutuel winning tickets and unredeemed pari-mutuel
13 vouchers shall be presumed abandoned if not claimed by the person entitled to
14 them within one (1) year from the time the ticket was issued.

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

24 **(6) (a) Licensed associations and tracks shall ensure all wagering is disabled**
25 ***simultaneously with, but not later than, the moment the starting gate is***
26 ***opened for commencement of a race.***

27 **(b) This subsection shall not prevent the pari-mutuel pools and odds from being**

updated after wagering is disabled to reflect all wagers that were placed up
to the moment wagering is disabled.

➔Section 22. 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 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

1 application;

2 (b) 1. The registration process shall include attestation that the patron meets
3 the requirements to place a wager with a sports wagering licensee or
4 service provider in this state.

5 2. Prior to verification of a patron's identity, a sports wagering licensee or
6 service provider shall not allow the patron to engage in sports wagering,
7 make a deposit, or process a withdrawal via the patron's sports wagering
8 account.

9 3. A sports wagering licensee or service provider shall implement
10 commercially and technologically reasonable procedures to prevent
11 access to sports wagering by any person under the age of twenty-one
12 ~~(21)~~~~eighteen (18)]~~:

13 a. At a licensed facility; and

14 b. Online via website or mobile application.

15 4. A sports wagering licensee or service provider may use information
16 obtained from third parties to verify that a person is authorized to open
17 an account, place wagers, and make deposits and withdrawals;

18 (c) A sports wagering licensee or service provider shall adopt an account
19 registration policy to ensure that all patrons are authorized to place a wager
20 with a sports wagering licensee or service provider within the Commonwealth
21 of Kentucky. This policy shall include, without limitation, a mechanism by
22 which to:

23 1. Verify the name and age of the patron;

24 2. Verify that the patron is not prohibited from placing a wager; and

25 3. Obtain the following information:

26 a. A physical address other than a post office box;

27 b. A phone number;

- 1 c. A unique user name; and
- 2 d. An email~~[e-mail]~~ account;
- 3 (d) A sports wagering licensee or service provider shall use all commercially and
- 4 technologically reasonable means to ensure that each patron is limited to one
- 5 (1) account with that service provider in the Commonwealth, but nothing in
- 6 this paragraph restricts a patron from holding other sports wagering accounts
- 7 in other jurisdictions;
- 8 (e) A sports wagering licensee or service provider, in addition to complying with
- 9 state and federal law pertaining to the protection of the private, personal
- 10 information of patrons, shall use all other commercially and technologically
- 11 reasonable means to protect this information consistent with industry
- 12 standards;
- 13 (f) A sports wagering licensee or service provider shall use all commercially and
- 14 technologically reasonable means to verify the identity of the patron making a
- 15 deposit or withdrawal;
- 16 (g) A sports wagering licensee or service provider shall utilize geolocation or
- 17 geofencing technology to ensure that wagers are only accepted from patrons
- 18 who are physically located in the Commonwealth. A sports wagering licensee
- 19 or service provider shall maintain in this state its servers used to transmit
- 20 information for purposes of accepting or paying out wagers on a sporting
- 21 event placed by patrons in this state;
- 22 (h) A patron may fund the patron's account using any acceptable form of payment
- 23 or advance deposit method, which shall include the use of cash, cash
- 24 equivalents, credit cards, debit cards, automated clearing house, other
- 25 electronic methods, and any other form of payment authorized by the
- 26 corporation; and
- 27 (i) The corporation may enter into agreements with other jurisdictions or entities

1 to facilitate, administer, and regulate multijurisdictional sports betting by
2 sports betting operators to the extent that entering into the agreement is
3 consistent with state and federal laws and the sports betting agreement is
4 conducted only in the United States.

5 (4) A track may contract with no more than three (3) service providers at a time to
6 conduct and manage services and technology which support the operation of sports
7 betting both on the track and online via websites and mobile applications. The
8 website or mobile application used to offer sports betting shall be offered only
9 under the same brand as the track or that of the service provider contracted with the
10 track, or both.

11 (5) (a) A track or service provider through an agreement with a licensed track shall
12 not offer sports wagering until the corporation has issued a sports wagering
13 license to the track, except for temporary licenses authorized under KRS
14 230.814.

15 (b) A track or association, or service provider through an agreement with a
16 licensed track, shall not offer fixed-odds wagering until the corporation has
17 issued a supplemental fixed-odds wagering license to the track.

18 (6) (a) A track licensed under KRS 230.811 may offer sports wagering at a facility
19 that meets the definition of "track" in KRS 230.210.

20 (b) A simulcast facility may offer sports wagering through an agreement with a
21 track by using any of that track's already established service providers.

22 (7) (a) As used in this subsection, "minimum bet limit":

23 1. Means the amount a bettor can win, not how much can be staked or
24 collected; and

25 2. Includes that the minimum bet limit must be accepted by bookmakers
26 on all fixed-odds wagers.

27 (b) A track or association licensed under this chapter may conduct fixed-odds

1 wagering on horse racing with or without a service provider.

2 (c) A track or association or service provider licensed under this chapter shall
3 have a mandatory minimum bet limit of at least one thousand dollars
4 (\$1,000) per race.

5 (d) The betting menu shall be determined by the host track.

6 (8) (a) As used in this subsection, "proposition bet" means a wager on the
7 performance statistics of an individual athlete.

8 (b) A sports wagering licensee or service provider shall not offer or accept any
9 proposition bets on an individual performance statistic on athletes
10 participating in collegiate sporting events for a collegiate team located in
11 Kentucky if the successful outcome of the wager is contingent upon the
12 athlete failing to meet a specified statistical threshold or experiencing a
13 negative performance outcome.

14 (9) (a) As used in this subsection:

15 1. "Affiliate" means an entity that is owned or controlled in whole or in
16 part by the licensee; and

17 2. "Beneficial interest" means participation in the proceeds of prediction
18 markets or events contracts either as a licensee or operator of the
19 proceeds or an entity that receives prediction market or events
20 contracts proceeds in any capacity.

21 (b) A track or association that holds a license to conduct horse racing, sports
22 wagering, or a licensee offering fantasy contests under this chapter or its
23 affiliate shall not participate in or contract with platforms that offer events
24 contracts through a prediction market in the Commonwealth of Kentucky or
25 have a beneficial interest in the proceeds of prediction markets in the
26 Commonwealth of Kentucky.

27 (c) A track or association licensed to conduct horse racing, sports wagering, or

1 a licensee offering fantasy contests under this chapter or its affiliate or an
2 entity in which it has a beneficial interest shall not contract with a service
3 provider that:

4 1. Offers events contracts through a prediction market in the
5 Commonwealth of Kentucky; or

6 2. Owns, rents, licenses, advertises, operates, is partnered or affiliated
7 with, or has a beneficial interest in, an entity that makes available to
8 its users in any form a prediction market in the Commonwealth of
9 Kentucky.

10 (10) Notwithstanding subsection (9) of this section, this chapter shall not prohibit the
11 corporation or the Department of Revenue from promulgating administrative
12 regulations in accordance with KRS Chapter 13A to regulate the conduct or
13 activity of prediction markets in the Commonwealth in accordance with
14 applicable federal law.

15 (11) If a track or association holds two (2) or more licenses, only the specific license
16 or licensee for which the track or association has violated the terms shall be
17 subject to suspension or revocation or the applicable penalties.

18 (12) This section shall not be construed to prevent a service provider or a track or
19 association licensed to conduct horse racing or sports wagering or a licensee
20 offering fantasy contests under this chapter from offering advanced deposit
21 account wagering as defined in Section 1 of this Act.

22 ➔Section 23. KRS 238.505 is amended to read as follows:

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

24 (1) "Adjusted gross receipts" means gross receipts from the conduct of charitable
25 gaming less all cash prizes and the amount paid for merchandise prizes purchased;

26 (2) "Affiliate" means any corporation, partnership, association, or other business or
27 professional entity or any natural person that directly or indirectly, through one or

1 more intermediaries, controls, or is controlled by, or is under common control with
2 a licensed manufacturer, distributor, or charitable gaming facility;

3 (3) "Bingo" means a specific game of chance in which participants use cards or paper
4 sheets, or card-minding device representations thereof, divided into horizontal and
5 vertical spaces, each of which is designated by a letter and a number, and prizes are
6 awarded on the basis of the letters and numbers on the card conforming to a
7 predetermined and preannounced configuration of letters and numbers selected at
8 random;

9 (4) "Board" means the board of directors of the Kentucky Horse Racing and Gaming
10 Corporation;

11 (5) "Card-minding device" means any mechanical, electronic, electromechanical, or
12 computerized device that is interfaced with or connected to equipment used to
13 conduct a game of bingo and that allows a player to store, display, and mark a bingo
14 card face. A card-minding device shall not be designed and manufactured to
15 resemble any electronic gaming device that utilizes a video display monitor, such as
16 a video lottery terminal, video slot machine, video poker machine, or any similar
17 video gaming device;

18 (6) (a) "Chairperson" means:

19 1. The chief executive officer and any officer, member, or employee of a
20 licensed charitable organization; or

21 2. An employee of the premises upon which the charitable gaming is
22 conducted that is twenty-one (21) years of age or older, has completed
23 training prescribed by the office, and has completed the required
24 background checks;

25 who will be involved in the management and supervision of charitable gaming
26 as designated in the organization's charitable gaming license application under
27 KRS 238.535(13)(g).

1 **(b) Training prescribed by the office in paragraph (a) of this subsection and the**
2 **federal background check required in Section 26 of this Act shall not be in**
3 **effect until July 1, 2027;**

4 (7) "Charitable gaming" means bingo, charity game tickets, raffles, and charity
5 fundraising events conducted for fundraising purposes by charitable organizations
6 licensed and regulated under the provisions of this chapter. "Charitable gaming"
7 shall not include slot machines, electronic video gaming devices, wagering on live
8 sporting events, or simulcast broadcasts of horse races;

9 (8) "Charitable gaming facility" means **a person, including a licensed charitable**
10 **organization, that owns or is a lessee of premises which are leased or otherwise**
11 **made available to two (2) or more licensed charitable organizations, other than**
12 **itself, during a one (1) year period for the conduct of charitable gaming**~~the~~
13 ~~premises on which charitable gaming is conducted~~;

14 (9) "Charitable gaming supplies and equipment" means any material, device, apparatus,
15 or paraphernalia customarily used in the conduct of charitable gaming, including
16 bingo cards and paper, charity game tickets, and other apparatus or paraphernalia
17 used in conducting games of chance at charity fundraising events subject to
18 regulation under this chapter. The term shall not include any material, device,
19 apparatus, or paraphernalia incidental to the game, such as pencils, daubers, playing
20 cards, or other supplies that may be purchased from normal sources of supply;

21 (10) "Charitable organization" means a nonprofit entity organized for charitable,
22 religious, educational, literary, civic, fraternal, or patriotic purposes;

23 (11) "Charity fundraising event" means an activity of limited duration at which games of
24 chance approved by the corporation are conducted, including bingo, raffles, charity
25 game tickets, special limited charitable games, and wagering on prerecorded horse
26 races, KRS Chapter 230 notwithstanding. Examples of such activities include
27 events that attract patrons for community, social, and entertainment purposes apart

1 from charitable gaming, such as fairs, festivals, carnivals, licensed charitable
2 gaming organization conventions, bazaars, and banquets. For the purposes of this
3 subsection, "banquet" shall mean a formal meal or feast held by a charitable
4 organization for community, social, or entertainment purposes apart from charitable
5 gaming;

6 (12) "Charity game ticket" means a game of chance using a folded or banded paper
7 ticket, or a paper card with perforated break-open tabs, or electronic pulltab device
8 representations thereof, the face of which is covered or otherwise hidden from view
9 to conceal a number, letter, symbol, or set of numbers, letters, or symbols, some of
10 which have been designated in advance as prize winners and shall include charity
11 game tickets that utilize a seal card. "Charity game ticket" shall include pulltabs,
12 both paper and electronic representations thereof;

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

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

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

19 (b) A licensed charitable organization that affects a one-time donation of
20 charitable gaming supplies or equipment to another licensed charitable
21 organization if the donation is first approved by the corporation;

22 (15) "Door prize" means a prize awarded to a person based solely upon the person's
23 attendance at an event or the purchase of a ticket to attend an event;

24 (16) "Electronic pulltab device" means an electronic device used only for charitable
25 gaming to facilitate the play of an electronic pulltab. An electronic pulltab device
26 shall be a tablet or other personal computing device, other than a mobile phone or
27 similar handheld device, as approved by the corporation. An electronic pulltab

1 device may only operate on a closed network or intranet that is confined to the
2 licensee's premises, and shall not be internet accessible by patrons, but shall be
3 connected to a central server system solely for the purposes of monitoring,
4 reporting, accounting, and software maintenance. An electronic pulltab device shall
5 not be designed and manufactured to resemble any electronic gaming device that
6 utilizes a video display monitor, such as a video lottery terminal, video slot
7 machine, video poker machine, or any similar video gaming device;

8 (17) "Electronic video gaming device," as used in this chapter and the related
9 administrative regulations, means any device that possesses a video display and
10 computer mechanism for playing a game. Electronic video gaming device shall not
11 mean any electronic representation of charitable gaming games identified, defined,
12 and approved by statute and by administrative regulation of the corporation;

13 (18) "Gross receipts" means all moneys collected or received from the conduct of
14 charitable gaming;

15 (19) "Immediate family" means:

- 16 (a) Spouse and parents-in-law;
- 17 (b) Parents and grandparents;
- 18 (c) Children and their spouses; and
- 19 (d) Siblings and their spouses;

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

- 24 (a) Any person who services or repairs charitable gaming supplies and
25 equipment, so long as that person replaces or repairs an incidental,
26 malfunctioning, or nonfunctioning part with a similar or identical part; and
- 27 (b) Any distributor who cuts, collates, and packages for distribution any gaming

- 1 supplies and equipment purchased in bulk;
- 2 (21) "Net receipts" means adjusted gross receipts from the conduct of charitable
3 gaming less all expenses, charges, fees, and deductions authorized under this
4 chapter;
- 5 (22) "Office" means the office regulating charitable gaming within the Kentucky Horse
6 Racing and Gaming Corporation established by the president under KRS Chapter
7 230;
- 8 (23) "President" means the president of the Kentucky Horse Racing and Gaming
9 Corporation;
- 10 (24) "Raffle" means a game of chance in which a participant is required to purchase a
11 ticket for a chance to win a prize, with the winner to be determined by a random
12 drawing;
- 13 (25) "Seal card" means a board or placard used in conjunction with charity game tickets,
14 that contains a seal or seals which, when removed or opened, reveal predesignated
15 winning numbers, letters, or symbols;
- 16 (26) "Session" or "bingo session" means a single gathering at which a bingo game or
17 series of successive bingo games are played, excluding bingo played at a charity
18 fundraising event;
- 19 (27) "Special limited charitable game" means roulette; blackjack; poker; keno; money
20 wheel; baccarat; pusher-type games; any dice game where the player competes
21 against the house; and any other game of chance as identified, defined, and
22 approved by administrative regulation of the corporation;
- 23 (28) "Special limited charity fundraising event" means any type of charity fundraising
24 event, commonly known as and operated as a "casino night," "Las Vegas night," or
25 "Monte Carlo night," at which the predominant number or types of games offered
26 for play are special limited charitable games; and
- 27 (29) "Year" means calendar year except as used in KRS 238.535(11), 238.545(4),

1 238.547(1), and 238.555(7), when "year" means the licensee's license year.

2 ➔Section 24. KRS 238.510 is amended to read as follows:

3 (1) The Office of Charitable Gaming is created as an office within the Kentucky Horse
4 Racing and Gaming Corporation. Subject to the authority of the corporation, the
5 office shall license and regulate the conduct of charitable gaming and license and
6 regulate charitable organizations that desire to engage in charitable gaming,
7 charitable gaming facilities, manufacturers, and distributors in the Commonwealth
8 of Kentucky in accordance with the provisions of this chapter.

9 (2) The president shall employ necessary staff to administer and enforce the provisions
10 of this chapter.

11 (3) No employee of the corporation during his or her term of employment shall be an
12 officer in a charitable organization that is licensed to conduct charitable gaming or
13 be involved in the conduct of charitable gaming as a member of a licensed
14 charitable organization. No employee of the corporation during his or her term of
15 employment shall be licensed as a manufacturer, distributor, or charitable gaming
16 facility, or have a financial interest in any business that is licensed as a
17 manufacturer, distributor, or charitable gaming facility.

18 (4) The president may appoint investigators who may have the powers of peace officers
19 throughout the Commonwealth for the purposes of enforcing this chapter and any
20 law relating directly or indirectly to the conduct of horse racing, pari-mutuel
21 wagering, sports wagering, and charitable gaming, as well as the enforcement of
22 laws relating to the protection of persons or property on licensed premises. The
23 peace officer powers of investigators appointed under this subsection~~[: however,~~
24 ~~those powers]~~ shall be limited to:

25 (a) Enforcement of the provisions of KRS Chapters 230 and 238;

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

27 1. Unlicensed and illegal gaming;

- 1 2. Gambling offenses committed on licensed premises; and
- 2 3. Gambling offenses committed in conjunction with a legal gaming
- 3 activity;
- 4 (c) Violations of KRS Chapter 514, relating to theft, embezzlement, or other
- 5 illegal diversions of legal gaming proceeds;
- 6 (d) Violations of KRS Chapters 516 and 517, relating to forgery and fraud in the
- 7 conduct of legal gaming;
- 8 (e) Violations relating to the damage or destruction of real or personal property
- 9 owned or leased by a licensee; and
- 10 (f) Violation of any criminal felony offense committed:
- 11 1. On licensed gaming premises; and
- 12 2. In the presence of an investigator.
- 13 (5) **Horse racing and** gaming investigators may satisfy the certification standards
- 14 established by the Department of Criminal Justice Training pursuant to KRS
- 15 Chapter 15, but this certification shall not be required for any investigators hired
- 16 after July 1, 2025. **Horse racing and** gaming investigators shall not qualify for
- 17 hazardous duty coverage under the Kentucky Employees Retirement System.†
- 18 ~~(6) — Gaming investigators so appointed shall not possess peace officer powers other than~~
- 19 ~~those provided in subsection (4) of this section.]~~
- 20 ➔Section 25. KRS 238.515 is amended to read as follows:
- 21 **Charitable gaming shall not be conducted in the Commonwealth except as authorized**
- 22 **by this chapter and KRS Chapter 230.** The office shall license and regulate the conduct
- 23 of charitable gaming in the Commonwealth of Kentucky as authorized by the
- 24 corporation. The president may integrate office responsibilities into other corporation
- 25 offices to ensure efficiencies and eliminate duplication of duties. Office powers and
- 26 duties include:
- 27 (1) Licensing charitable organizations, charitable gaming facilities, manufacturers, and

1 distributors that desire to engage in charitable gaming;

2 (2) Refusing to issue or renew a license for cause, revoking or suspending a license,
3 imposing probationary conditions on a license, issuing a written reprimand or
4 admonishment or notice of violation, and imposing fines and penalties, or any
5 combination thereof with regard to a licensee or other person participating in
6 charitable gaming in Kentucky for violation of any federal or state statute or
7 administrative regulation, or office directive, ruling, or order to preserve the
8 integrity of charitable gaming in Kentucky or to protect the public from direct
9 harm;

10 (3) Establishing and enforcing reasonable standards for the conduct and operation of
11 charitable gaming activity and the operation of charitable gaming facilities;

12 ~~(4)(3)~~ Prescribing reasonable fees for licenses that do not exceed amounts
13 established in this chapter;

14 ~~(5)(4)~~ Establishing standards of accounting, recordkeeping, and reporting to insure
15 charitable gaming receipts are properly accounted for;

16 ~~(6)(5)~~ Establishing a process for reviewing complaints and allegations of
17 wrongdoing, and for investigating complaints with merit. In furtherance of this
18 duty, the office may issue administrative subpoenas and summonses. The office
19 shall also establish toll-free telephone service or an electronic method for receiving
20 complaints and inquiries;

21 (7) Investigating, auditing, and other reasonable actions to ensure compliance with
22 this chapter;

23 ~~(8)(6)~~ Taking appropriate disciplinary action, subject to the final order of the
24 corporation, and making referrals for criminal prosecution of persons who do not
25 operate in compliance with this chapter;

26 ~~(9)(7)~~ Collecting and depositing all fees and fines in the charitable gaming
27 regulatory account to be administered by the corporation; and

1 ~~(10)~~~~(8)~~ Proposing administrative regulations in accordance with KRS Chapter 13A

2 which are necessary to carry out the purposes and intent of this chapter. In
3 proposing administrative regulations under this subsection, the office shall submit
4 any proposed regulations to the Kentucky Horse Racing and Gaming Corporation.

5 ➔Section 26. KRS 238.525 is amended to read as follows:

6 (1) Licenses shall be issued by the office on an annual basis, except as otherwise
7 permitted in KRS 238.530 and 238.545. A license term may be determined by the
8 office in any manner it deems appropriate to facilitate efficient licensing. The office
9 shall charge a licensing and renewal fee not to exceed the maximum amounts
10 established in KRS 238.530, 238.535, and 238.555.

11 (2) The office may issue a temporary license to an applicant who has met the
12 requirements for a license. A temporary license shall be valid from the date of
13 issuance until the regular license is issued or for a period of sixty (60) days,
14 whichever is shorter. A temporary license shall not be renewed, except for good
15 cause and shall not exceed a total of nine (9) months in length.

16 (3) An applicant for any license to be issued under KRS 238.530 and 238.555 and
17 Section 28 of this Act shall be subjected to a state and national criminal history
18 background check by the office, with the assistance of the Department of Kentucky
19 State Police and the Federal Bureau of Investigation. An applicant for any license to
20 be issued under KRS 238.535 shall be subjected to a state criminal history
21 background check and may, if deemed reasonably necessary, be subjected to a
22 national criminal history background check by the office with the assistance of the
23 Department of Kentucky State Police and the Federal Bureau of Investigation.

24 (4) The criminal history background check shall apply to:

25 (a) The chief executive officer and the chief financial officer or director of an
26 applicant;

27 (b) Any employee or member of an applicant who has been designated as

1 chairperson of the charitable gaming activity;

2 (c) The applicant itself;~~{and}~~

3 (d) Any individual with a ten percent (10%) or more financial interest in the
4 applicant; and

5 (e) Any other person associated with the applicant the corporation determines
6 necessary to ensure the general fitness of the applicant to perform the
7 activity permitted by the license.

8 (5) (a) The office shall require the fingerprinting of all applicants for licensure under
9 KRS 238.530 and 238.555 and may require, if deemed reasonably necessary,
10 the fingerprints of all applicants for licensure under KRS 238.535, who are
11 natural persons in connection with the national criminal history background
12 check to assure the identity of the applicant or applicants.

13 (b) The office may charge a reasonable fee not to exceed the actual cost of
14 fingerprinting and records searching.

15 (6){(4)} No applicant shall be licensed and no license holder shall be able to maintain
16 a license if an individual associated with the applicant or license holder in a
17 capacity listed in subsection (4){(3)} of this section, or an individual required by
18 the corporation to undergo a background check pursuant to subsections (3) and
19 (4) of this section, or the applicant or license holder itself has been convicted of a
20 felony, gambling offense, criminal fraud, forgery, theft, falsifying business records,
21 violation of KRS 238.995(7), any crime where dishonesty is a necessary element,
22 any crime of moral turpitude, or any two (2) misdemeanor crimes in federal court
23 or the courts of any state, the District of Columbia, or any territory, consistent with
24 the provisions of KRS Chapter 335B within ten (10) years preceding the application
25 for licensure.

26 (7){(5)} No applicant shall be licensed unless all applicants required to be
27 fingerprinted under subsections~~{the provision of subsection}~~ (3) and (4) of this

1 section have been fingerprinted. The Department of Kentucky State Police may
2 submit fingerprints of any applicant to the Federal Bureau of Investigation for the
3 national criminal history background check. The corporation may by administrative
4 regulation impose additional qualifications to meet the requirements of Pub. L. No.
5 92-544.

6 ~~(8)(6)~~ If a change occurs in any information submitted during the license application
7 process, the applicant or licensee shall notify the office in writing within thirty (30)
8 days of the date the change occurred.

9 ➔Section 27. KRS 238.530 is amended to read as follows:

10 (1) ~~A~~~~No~~ person shall **not** sell, offer to sell, rent, lease, or otherwise furnish charitable
11 gaming supplies or equipment unless the person is licensed by the office as a
12 distributor. The office shall charge a license fee not to exceed **five thousand dollars**
13 **(\$5,000)**~~one thousand dollars (\$1,000)~~.

14 (2) ~~A~~~~No~~ person shall **not** sell, offer to sell, rent, lease, or otherwise furnish charitable
15 gaming supplies and equipment unless the person is licensed by the office as a
16 manufacturer. The office shall charge a license fee not to exceed **five thousand**
17 **dollars (\$5,000)**~~one thousand dollars (\$1,000)~~.

18 (3) ~~A~~~~No~~ person who is licensed as a charitable organization, and ~~an~~~~no~~ owner,
19 officer, employee, or member of the immediate family of an owner, officer, or
20 employee of a licensed charitable gaming facility shall **not** be eligible for licensure
21 as a distributor or manufacturer. ~~An~~~~No~~ affiliate of an owner, officer, or employee,
22 or member of the immediate family of an owner, officer, or employee of a licensed
23 charitable gaming facility shall **not** be licensed as a distributor or manufacturer.
24 ~~A~~~~No~~ person who is a licensed wholesaler or distributor of alcoholic beverages
25 shall **not** be licensed as a distributor or manufacturer. ~~A~~~~No~~ person who is licensed
26 as a distributor shall **not** be licensed as a manufacturer, and ~~a~~~~no~~ person licensed as
27 a manufacturer shall **not** be licensed as a distributor.

- 1 (4) An applicant for a license as a manufacturer or distributor shall apply for license on
2 forms provided by the office and shall submit as part of the application process the
3 following:
- 4 (a) The full name, address, date of birth, and Social Security number of the
5 applicant;
 - 6 (b) If the applicant is a corporation or other business entity, the names, addresses,
7 dates of birth, and Social Security numbers of all officers and management
8 personnel;
 - 9 (c) The name, address, date of birth, and Social Security number of any
10 individual who has ten percent (10%) or more financial interest in the
11 applicant organization;
 - 12 (d) Federal employer tax number;
 - 13 (e) A sworn statement by the applicant or the appropriate officer that all
14 information provided is true and correct and that the applicant agrees to
15 comply with the applicable provisions of this chapter and all applicable
16 administrative regulations promulgated thereunder;
 - 17 (f) The name, address, and telephone number of a registered agent within the
18 Commonwealth of Kentucky, if the applicant is not a resident; and
 - 19 (g) Any other information the office deems appropriate.
- 20 (5) Each licensed manufacturer and distributor shall maintain a complete set of records
21 as may be required by the office to document all activities related to the sale, rental,
22 lease, or furnishing of charitable gaming supplies and equipment in the
23 Commonwealth of Kentucky. These records shall be available for inspection by the
24 office at reasonable times, and all records shall be maintained for a minimum of
25 three (3) years. The office may require a licensed manufacturer and distributor to
26 report on its activity, with the content and frequency of these reports to be
27 prescribed by administrative regulation promulgated by the corporation.

- 1 (6) A distributor who does not receive payment in accordance with the terms of its
2 sales or lease agreement from a licensed charitable organization within thirty (30)
3 days of the delivery of charitable gaming supplies and equipment shall notify the
4 office of the delinquency in writing in a form and manner prescribed by the office.
5 A manufacturer who does not receive payment in full from a distributor within sixty
6 (60) days of the delivery of charitable gaming supplies and equipment shall notify
7 the office of the delinquency in writing in a form and manner prescribed by the
8 office.
- 9 (7) A licensed manufacturer shall not sell charitable gaming supplies and equipment to
10 any person not licensed as a distributor in the Commonwealth of Kentucky.
- 11 (8) A licensed distributor shall not sell charitable gaming supplies and equipment to
12 any person not licensed as a distributor or a charitable organization in the
13 Commonwealth of Kentucky, unless the organization is exempted from licensure
14 under the provisions of this chapter.
- 15 (9) A licensed distributor shall not purchase charitable gaming supplies and equipment
16 from any person not licensed as a manufacturer or distributor in the Commonwealth
17 of Kentucky.
- 18 (10) ~~An~~~~No~~ officer, owner, employee, or contractee of a licensed distributor or licensed
19 manufacturer or their affiliates and ~~a~~~~no~~ member of the immediate family of an
20 owner, officer, employee, or contractee of a licensed distributor or licensed
21 manufacturer or their affiliates, shall **not**, with respect to a licensed charitable
22 organization:
- 23 (a) Manage or otherwise be involved in the conduct of charitable gaming;
24 (b) Provide bookkeeping or other accounting services related to the conduct of
25 charitable gaming;
26 (c) Handle any moneys generated in the conduct of charitable gaming;
27 (d) Advise a licensed charitable organization on the expenditure of net receipts;

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

12 ➔Section 28. KRS 238.535 is amended to read as follows:

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

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

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

- 27 (2) (a) Any charitable organization exempt from the process of applying for a license

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

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

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

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

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

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

- 1 (5) If the annual financial report is not received by January 31, the exemption is
2 automatically rescinded unless an extension of no more than thirty (30) days is
3 granted by the office. The organization may request an appeal of this rescission
4 pursuant to KRS 238.565.
- 5 (6) If an exemption is revoked because an organization has exceeded the limit imposed
6 in subsection (1) of this section, the organization shall apply for a retroactive
7 license in accordance with subsection (7) of this section.
- 8 (7) If an organization exceeds the limit imposed by any subsection of this section it
9 shall:
- 10 (a) Report the amount to the office; and
11 (b) Apply for a retroactive charitable gaming license.
- 12 (8) Upon receipt of a report and application for a retroactive charitable gaming license,
13 the office shall investigate to determine if the organization is otherwise qualified to
14 hold the license.
- 15 (9) If the office determines that the applicant is qualified, it shall issue a charitable
16 gaming license retroactive to the date on which the exemption limit was exceeded.
17 The retroactive charitable gaming license shall be issued in the same manner as
18 regular charitable gaming licenses.
- 19 (10) If the office determines that the applicant is not qualified it shall deny the license
20 and take enforcement action, if appropriate.
- 21 (11) Once a retroactive or regular gaming license is issued to an organization, that
22 organization shall not be eligible for exempt status in the future and shall maintain a
23 charitable gaming license if it intends to continue charitable gaming activities,
24 unless the charitable organization has not exceeded the exemption limitations of
25 subsection (1) of this section for a period of two (2) years prior to its exemption
26 request.
- 27 (12) (a) In order to qualify for licensure, a charitable organization shall:

- 1 1. a. Possess a tax exempt status under 26 U.S.C. secs. 501(c)(3),
2 501(c)(4), 501(c)(8), 501(c)(10), or 501(c)(19), or be covered
3 under a group ruling issued by the Internal Revenue Service under
4 authority of those sections; or
5 b. Be organized within the Commonwealth of Kentucky as a local
6 school district, as a common school as defined in KRS 158.030, as
7 an institution of higher education as defined in KRS 164A.305, or
8 as a state college or university as provided for in KRS 164.290. A
9 common school, a program or organization affiliated with a
10 common school, or any combination of common schools and
11 programs affiliated with common schools located within a local
12 school district may conduct charitable gaming under the local
13 school district's charitable gaming license;
- 14 2. Have been established and continuously operating within the
15 Commonwealth of Kentucky for charitable purposes, other than the
16 conduct of charitable gaming, for a period of three (3) years prior to
17 application for licensure. For purposes of this paragraph, an applicant
18 shall demonstrate establishment and continuous operation in Kentucky
19 by its conduct of charitable activities from an office physically located
20 within Kentucky both during the three (3) years immediately preceding
21 its application for licensure and at all times during which it possesses a
22 charitable gaming license. However, a charitable organization that
23 operates for charitable purposes in more than ten (10) states and whose
24 principal place of business is physically located in a state other than
25 Kentucky may satisfy the requirements of this paragraph if it can
26 document that it has:
27 a. Been actively engaged in charitable activities and has made

- 1 reasonable progress, as defined in subparagraph 3. of this
2 paragraph, in the conduct of charitable activities or the expenditure
3 of funds within Kentucky for a period of three (3) years prior to
4 application for licensure; and
- 5 b. Operated for charitable purposes from an office or place of
6 business in the Kentucky county where it proposes to conduct
7 charitable gaming for at least one (1) year prior to application for
8 licensure, in accordance with subparagraph 4. of this paragraph
9 and paragraph (c) of this subsection;
- 10 3. Have been actively engaged in charitable activities during the three (3)
11 years immediately prior to application for licensure and be able to
12 demonstrate, to the satisfaction of the office, reasonable progress in
13 accomplishing its charitable purposes during this period. As used in this
14 paragraph, "reasonable progress in accomplishing its charitable
15 purposes" means the regular and uninterrupted conduct of activities
16 within the Commonwealth or the expenditure of funds within the
17 Commonwealth to accomplish relief of poverty, advancement of
18 education, protection of health, relief from disease, relief from suffering
19 or distress, protection of the environment, conservation of wildlife,
20 advancement of civic, governmental, or municipal purposes, or
21 advancement of those purposes delineated in KRS 238.505(10). In order
22 to demonstrate reasonable progress in accomplishing its charitable
23 purposes when applying to renew an existing license, a licensed
24 charitable organization shall additionally provide to the office a detailed
25 accounting regarding its expenditure of charitable gaming net receipts
26 for the purposes described in this paragraph;~~and~~
- 27 4. Have maintained an office or place of business, other than for the

1 conduct of charitable gaming, for at least one (1) year in the county in
2 which charitable gaming is to be conducted. The office or place of
3 business shall be a separate and distinct address and location from that
4 of any other licensee of the Office of Charitable Gaming; except that up
5 to three (3) licensed charitable organizations may have the same address
6 if they legitimately share office space; and

7 5. Comply with administrative regulations imposed by the corporation in
8 accordance with KRS Chapter 13A.

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

15 2. For raffles, the organization shall notify the Office of Charitable
16 Gaming in writing of the organization's intent to change the drawing's
17 location at least thirty (30) days before the drawing takes place. This
18 written notification:

- 19 a. May be transmitted in any commercially reasonable means,
20 authorized by the office, including facsimile and electronic mail;
21 and
22 b. Shall set out the place and the county in which the drawing will
23 take place.

24 Approval by the office shall be received prior to the conduct of the raffle
25 drawing at the new location.

26 (c) Any charitable organization that was registered with the county clerk to
27 conduct charitable gaming in a county on or before March 31, 1992, shall

1 satisfy the requirement contained in paragraph (a)4. of this subsection if it
2 maintained a place of business or operation, other than for the conduct of
3 charitable gaming, for one (1) year prior to application in a Kentucky county
4 adjoining the county in which they were registered.

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

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

8 (b) The date of the charitable organization's establishment in the Commonwealth
9 of Kentucky and the date of establishment in the county or counties in which
10 charitable gaming is to be conducted;

11 (c) A statement of the charitable purpose or purposes for which the organization
12 was organized. If the charitable organization is incorporated, a copy of the
13 articles of incorporation shall satisfy this requirement;

14 (d) A statement explaining the organizational structure and management of the
15 organization. For incorporated entities, a copy of the organizations' bylaws
16 shall satisfy this requirement;

17 (e) A detailed accounting of the charitable activities in which the charitable
18 organization has been engaged for the three (3) years preceding application
19 for licensure;

20 (f) The names, addresses, dates of birth, and Social Security numbers of all
21 officers of the organization;

22 (g) The names, addresses, dates of birth, employment information if applicable,
23 and Social Security numbers of all employees and members of the charitable
24 organization who will be involved in the management and supervision of
25 charitable gaming. No fewer than two (2) employees or members of the
26 charitable organization who are involved in the management and supervision
27 of charitable gaming, along with the chief executive officer or the director of

- 1 the applicant organization, shall be designated as chairpersons;
- 2 (h) The address of the location at which charitable gaming will be conducted and
- 3 the name and address of the owner of the property, if it is owned by a person
- 4 other than the charitable organization;
- 5 (i) A copy of the letter or other legal document issued by the Internal Revenue
- 6 Service to grant tax-exempt status;
- 7 (j) A statement signed by the presiding or other responsible officer of the
- 8 charitable organization attesting that the information submitted in the
- 9 application is true and correct and that the organization agrees to comply with
- 10 all applicable laws and administrative regulations regarding charitable
- 11 gaming;
- 12 (k) An agreement that the charitable organization's records may be released by
- 13 the Federal Internal Revenue Service to the office; and
- 14 (l) Any other information the office deems appropriate.
- 15 (14) (a) An organization or a group of individuals that does not meet the licensing
- 16 requirements of subsection (12) of this section may hold a raffle if:
- 17 1. The gross receipts do not exceed five hundred dollars (\$500);
- 18 2. All proceeds from the raffle are distributed to a charitable organization;
- 19 and
- 20 3. The organization or group of individuals holds no more than three (3)
- 21 raffles each year;
- 22 and shall be exempt from complying with the notification, application, and
- 23 reporting requirements of subsections (2) and (13) of this section.
- 24 (b) An organization or a group of individuals that does not meet the licensing
- 25 requirements of subsection (12) of this section may hold a raffle if:
- 26 1. The organization holds a special event raffle license issued by the office
- 27 and complies with the regulatory requirements in this chapter, including

- 1 but not limited to the quarterly reporting requirements of KRS
2 238.550(7), the retention requirements of KRS 238.536, and payment of
3 the fee imposed by KRS 238.570;
- 4 2. The organization possesses a tax-exempt status under 26 U.S.C. sec.
5 501(c)(7);
- 6 3. The organization holds no more than twelve (12) raffles per year;
- 7 4. Each raffle complies with the office's raffle standards in KRS 238.545
8 and administrative regulations promulgated thereunder and is approved
9 by the office in writing prior to the sale of the first raffle ticket;
- 10 5. The gross receipts of each raffle do not exceed five hundred thousand
11 dollars (\$500,000); and
- 12 6. One hundred percent (100%) of the net receipts of each raffle shall be
13 distributed to a charitable organization licensed by the office pursuant to
14 subsection (12) of this section to conduct charitable gaming as follows:
- 15 a. All distributed net receipts shall be maintained by the recipient
16 licensed charitable organization in a separate account to be
17 designated as the "raffle recipient account";
- 18 b. All distributed net receipts shall be expended by the recipient
19 licensed charitable organization to further the charitable purpose of
20 the recipient licensed charitable organization as required by KRS
21 238.550(4); and
- 22 c. All distributed net receipts, and the expenditure thereof, shall be
23 reported to the office and be subject to the office's auditing and
24 investigative authority consistent with the provisions of this
25 chapter.
- 26 (c) An applicant qualifying under paragraph (b) of this subsection shall submit an
27 application for a special event raffle license, and the information to be

1 submitted shall include but not be limited to the following:

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

- 1 9. A statement signed by the presiding or other responsible officer of the
2 organization attesting that the information submitted in the application is
3 true and correct and that the organization agrees to comply with all
4 applicable laws and administrative regulations regarding charitable
5 gaming;
- 6 10. An agreement that the organization's records may be released by the
7 federal Internal Revenue Service to the office; and
- 8 11. Any other information as determined by the corporation through the
9 promulgation of administrative regulations.
- 10 (15) The office may issue a license for a specified period of time, based on the type of
11 charitable gaming involved and the desired duration of the activity.
- 12 (16) The office shall charge a fee for each license issued and renewed, not to exceed one
13 thousand dollars (\$1,000)~~three hundred dollars (\$300)~~. Specific fees to be
14 charged may be prescribed in a graduated scale promulgated by administrative
15 regulations of the corporation and based on type of license, type of charitable
16 gaming, actual or projected gross receipts, or other applicable factors, or
17 combination of factors.
- 18 (17) (a) A licensed charitable organization may place its charitable gaming license in
19 escrow if:
- 20 1. The licensee notifies the office in writing that it desires to place its
21 license in escrow; and
- 22 2. The license is in good standing and the office has not initiated
23 disciplinary action against the licensee.
- 24 (b) During the escrow period, the licensee shall not engage in charitable gaming,
25 and the escrow period shall not be included in calculating the licensee's
26 retention rate under KRS 238.536.
- 27 (c) A charitable organization may apply for reinstatement of its active license and

1 the license ~~may~~^{shall} be reinstated provided:

- 2 1. The charitable organization continues to qualify for licensure;
- 3 2. The charitable organization has not engaged in charitable gaming during
- 4 the escrow period; and
- 5 3. The charitable organization pays a reinstatement fee established by the
- 6 office.

7 (18) (a) At least sixty (60) days prior to the expiration of its existing license or its
8 first expected date of gaming, facility operation, or business operations in
9 Kentucky during the license period, an applicant shall submit a complete,
10 accurate, and documented application. The office shall review the
11 application and notify the applicant in writing of any deficiencies in the
12 application within thirty (30) days. An application shall not be considered
13 complete until all deficiencies are resolved.

14 (b) If the applicant does not file a written response to a deficiency request,
15 provide requested information and documents, or otherwise cure the
16 identified deficiency within thirty (30) days of the written notice, the
17 application shall be deemed withdrawn.

18 (c) If the applicant files a written response to a deficiency request within thirty
19 (30) days of the written notice, but the response does not cure the identified
20 deficiency, the office shall issue a subsequent deficiency notice within thirty
21 (30) days. If the deficiency is incapable of being cured, the office shall deny
22 the license.

23 (d) Once the office has received a complete application, it shall grant or deny
24 the license within sixty (60) days of receipt. The office may issue a
25 temporary license to an applicant that has submitted a complete and
26 accurate license application form, and has complied with all other licensing
27 requirements in this section, until the office makes a final decision to grant

1 or deny the annual license.

2 ➔SECTION 29. KRS 238.538 IS REPEALED AND REENACTED TO READ
3 AS FOLLOWS:

4 (1) (a) A licensed charitable organization shall only offer the play of electronic
5 charity game tickets and electronic pulltab devices at one (1) of the
6 following locations as approved and authorized by the corporation:

7 1. The office location of the charitable organization;

8 2. The location where the charitable organization is licensed to conduct
9 bingo; or

10 3. The location where charity fundraising events as defined in this
11 chapter are authorized;

12 (b) In addition to one (1) of the locations in paragraph (a) of this subsection, a
13 licensed charitable organization may have one (1) additional location that
14 offers the play of electronic charity game tickets and electronic pulltab
15 devices in either the same county or a county that is contiguous to the
16 charitable organization's office location.

17 (2) (a) 1. Within ninety (90) days after the effective date of this Act, a charitable
18 gaming facility licensed prior to the effective date of this Act shall
19 initiate transfer of its charitable gaming facility license.

20 2. The charitable gaming facility licensed prior to the effective date of
21 this Act shall first transfer its license to one (1) of the licensed
22 charitable organizations it was affiliated with as of January 1, 2026,
23 and which transfer is not inconsistent with the applicable provision of
24 KRS Chapter 238, and next to any licensed charitable organization.

25 3. The charitable gaming facility licensed prior to the effective date of
26 this Act shall transfer its license by submitting to the corporation, in
27 order, information for the first licensed charitable organization as

1 required in subparagraph 2. of this paragraph and the next choice of
2 licensed charitable organization if the first declines the transfer or is
3 not approved by the corporation to receive the transfer.

4 (b) The licensed charitable organization shall:

- 5 1. Be notified by the corporation of the charitable gaming facility's intent
6 to transfer; and
7 2. Apply with the corporation to receive the license by transfer under
8 paragraph (a) of this subsection.

9 (c) The corporation shall:

- 10 1. Not unreasonably withhold its approval of the licensed charitable
11 organization seeking approval under paragraph (b) of this subsection;
12 and
13 2. Accept or deny the transfer within ninety (90) days of receiving the
14 application.

15 (3) A charitable gaming facility may transfer no more than three (3) licenses under
16 this section from locations where persons twenty-one (21) years of age and under
17 are permitted to locations where only persons twenty-one (21) years of age and
18 older are permitted, within ninety (90) days of the effective date of this Act.

19 (4) (a) Notwithstanding subsection (1) of this section, a licensed charitable
20 organization offering the play of electronic charity game tickets or
21 electronic pulltab devices at more than one (1) additional location as
22 provided in subsection (1) of this section on July 1, 2025, may continue to
23 offer those activities at an additional location. Authorization to offer the
24 play of electronic charity game tickets and electronic pulltab devices at an
25 additional location shall be lost and forfeited, and those activities ceased at
26 an additional location, upon occurrence of any of the following:

- 27 1. Change of ownership or transfer of the charitable organization, or the

- 1 charitable organization's permanent cessation of charitable gaming;
- 2 2. Failure to maintain a valid lease due to expiration and termination of
- 3 lease agreements;
- 4 3. Failure by the licensee to comply with all charitable gaming
- 5 requirements;
- 6 4. Failure or inability of the existing facility or location to restrict access
- 7 to persons twenty-one (21) years of age or older;
- 8 5. Failure to timely report changes to the additional location or to update
- 9 the information submitted to the corporation as part of the licensing
- 10 process; or
- 11 6. Failure to provide information as requested or ordered by the
- 12 corporation, related to the conduct of charitable gaming at the
- 13 additional location.
- 14 (b) 1. A licensed charitable organization shall not be required to cease
- 15 activities and may move to a new location that is restricted to ages
- 16 twenty-one (21) and older, if any of the following occurs:
- 17 a. A sale or transfer of ownership of any part of the property where
- 18 the additional location is located;
- 19 b. A sale or transfer of ownership of the business where the
- 20 additional location is located; or
- 21 c. Any closure of the location for ninety (90) days or more, which
- 22 shall include any closures due to an act of God.
- 23 2. A licensed charitable organization shall not be required to cease
- 24 activities and may rebuild at the same location if there is a closure due
- 25 to an act of God.
- 26 (5) Notwithstanding subsection (1) of this section, a licensed charitable organization
- 27 that offers the play of electronic charity game tickets or electronic pulltab devices

1 at more than one (1) additional location as provided in subsection (1) of this
2 section on July 1, 2025, shall lose, forfeit, and cease those activities at all
3 additional locations upon occurrence of any of the following:

4 (a) Suspension or revocation of a license due to a violation;

5 (b) Failure by the licensee to timely reapply for licensure or pay all required
6 licensure fees; or

7 (c) Engagement in activities that would pose a threat to the public interest or
8 the effective regulation of charitable gaming in Kentucky, or enhance the
9 dangers of unsuitable, unfair, or illegal practices, methods, and activities in
10 the conduct of charitable gaming or in the operation of the business and
11 financial arrangements incidental thereto.

12 (6) (a) Beginning April 15, 2026, until April 15, 2027, the Kentucky Horse Racing
13 and Gaming Corporation shall not authorize locations for the play of
14 electronic charity game tickets beyond the office location of the charitable
15 organization, the location where the charitable organization is licensed to
16 conduct bingo, and the location where pre-approved charitable fundraising
17 events are authorized.

18 (b) Paragraph (a) of this subsection shall not:

19 1. Prevent electronic charity game ticket activities and electronic charity
20 game ticket locations operating prior to April 15, 2026, from being
21 resupplied or updated; or

22 2. Apply if the corporation promulgates administrative regulations in
23 accordance with KRS Chapter 13A that regulate electronic charity
24 game tickets.

25 ➔Section 30. KRS 238.540 is amended to read as follows:

26 (1) Charitable gaming shall be conducted by a licensed charitable organization at the
27 location, date, and time which shall be stated on the license. The licensee shall

1 request a change in the date, time, or location of a charitable gaming event by mail,
2 electronic mail, or facsimile transmission, and shall submit a lease and an original
3 signature of an officer. The office shall process this request and issue or deny a
4 license within ten (10) days.

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

8 (3) A license to conduct charitable gaming shall be prominently displayed on or in the
9 premises where charitable gaming is conducted, in a conspicuous location that is
10 readily accessible to gaming patrons as well as employees of the office, law
11 enforcement officials, and other interested officials.

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

15 A person shall not serve as chairperson for more than one (1) charitable
16 organization. The chairperson shall be readily identifiable as the chairperson and
17 shall be present on the premises continuously during the charitable gaming activity.

18 Charitable gaming shall be conducted and administered solely by officers,
19 members, and bona fide employees of the licensed charitable organization.

20 Volunteer personnel, who may or may not be members of the licensed charitable
21 organization, may be utilized if each volunteer is readily identifiable as a volunteer.

22 A person may serve as volunteer personnel for up to six (6) charitable gaming
23 events or sessions per week. A person engaged in the conduct and administration of
24 charitable gaming shall not receive any compensation for services related to the
25 charitable gaming activities, including tipping. Net receipts derived from charitable
26 gaming shall not inure to the private benefit or financial gain of any individual. Any
27 effort or attempt to disguise any other type of compensation or private inurement

1 shall be considered an unauthorized diversion of funds and shall be actionable
2 under KRS 238.995.

3 (5) A licensed charitable organization shall not contract with, or otherwise utilize the
4 services of, any management company, service company, or consultant in managing
5 or conducting any aspect of charitable gaming.

6 (6) A licensed charitable organization shall not purchase or lease charitable gaming
7 supplies and equipment from any person not licensed as a distributor in the
8 Commonwealth of Kentucky.

9 (7) A licensed charitable organization shall not accept any merchandise prizes donated
10 by any owner, officer, employee, or contractee of a licensed manufacturer,
11 distributor, charitable gaming facility, or any of their affiliates, or any member of
12 their immediate families.

13 (8) (a) Each organization's gaming supplies shall be maintained in a location separate
14 from another organization's gaming supplies.

15 (b) This location shall also be locked and access shall be controlled.

16 (c) Unless otherwise directed by the office, an organization's supplies and
17 equipment remain the property of the organization regardless of where they
18 are stored and must be accessible to the organization at all reasonable times
19 upon request.

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

25 **(10) A licensed charitable organization authorized to offer the play of electronic**
26 **pulltab devices shall restrict access to the area or areas where electronic pulltab**
27 **devices are located and ensure persons under the age of twenty-one (21) do not**

1 access those areas or participate in the play of those activities.

2 (11) (a) If a licensed charitable organization is offering for play electronic pulltab
3 devices at premises that are restricted in their entirety to ages twenty-one
4 (21) and over, the charitable organization shall establish one (1) cordoned-
5 off area for all electronic pulltab devices that is readily visible to the
6 chairperson for monitoring the charitable gaming activity.

7 (b) If a licensed charitable organization is offering for play electronic pulltab
8 devices at premises where persons under the age of twenty-one (21) are
9 allowed and five (5) or more devices are present, the charitable organization
10 shall:

11 1. Establish one (1) cordoned-off area for all electronic pulltab devices
12 that is readily visible to the chairperson for monitoring the charitable
13 gaming activity;

14 2. Keep a chairperson, who is employed by the licensed charitable
15 organization, on staff full-time to monitor the entrance of the
16 cordoned-off area to persons twenty-one (21) and over; and

17 3. Allow patrons access only after identification is checked by the
18 chairperson to confirm the patron is twenty-one (21) years or older.

19 (c) If a licensed charitable organization is offering for play electronic pulltab
20 devices at premises where persons under the age of twenty-one (21) are
21 allowed and four (4) or fewer devices are present, the charitable
22 organization shall:

23 1. Establish one (1) cordoned-off area for all electronic pulltab devices
24 that is readily visible to the chairperson for monitoring the charitable
25 gaming activity;

26 2. Keep a chairperson on staff to monitor the entrance of the cordoned-
27 off area to persons over twenty-one (21) and over; and

1 3. Allow patrons access only after identification is checked by the
2 chairperson to confirm the patron is twenty-one (21) years or older.

3 (d) If a licensed charitable organization violates paragraph (a), (b), or (c) of
4 this subsection, the licensed charitable organization or charitable gaming
5 facility shall be:

6 1. Fined for:

7 a. The first violation, one thousand dollars (\$1,000); and

8 b. The second violation, two thousand five hundred dollars
9 (\$2,500); and

10 2. For the third violation within a one (1) year period at the same
11 premises, prohibited from conducting charitable gaming at the
12 premises.

13 (e) The corporation may promulgate administrative regulations in accordance
14 with KRS Chapter 13A that are reasonably necessary to ensure the safety
15 and well-being of minors and the security of the premises in its entirety.

16 (12) (a) Notwithstanding this section, a licensed charitable organization may
17 provide reasonable remuneration to a chairperson who is required to attend
18 trainings by the corporation or who is required to check identification to
19 enter a cordoned-off area for the time spent conducting those trainings or
20 identification checks.

21 (b) Prior to July 1, 2027, the corporation shall create an online version for the
22 training of chairpersons.

23 ➔Section 31. KRS 238.545 is amended to read as follows:

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

25 (a) In the conduct of bingo, to one (1) session per day, three (3) sessions per
26 week, for a period not to exceed five (5) consecutive hours in any day and not
27 to exceed fifteen (15) total hours per week:

- 1 1. A licensed charitable organization shall not conduct bingo at more than
- 2 one (1) location during the same twenty-four (24) hour period;
- 3 2. A licensed charitable organization shall not award prizes for bingo that
- 4 exceed five thousand dollars (\$5,000) in fair market value per twenty-
- 5 four (24) hour period, including the value of door prizes; and
- 6 3. A person under the age of eighteen (18) shall not be permitted to
- 7 purchase bingo supplies or play bingo unless he or she is playing for
- 8 noncash prizes and is accompanied by a parent or legal guardian and
- 9 only if the value of any noncash prize awarded does not exceed ten
- 10 dollars (\$10);
- 11 (b) 1. A licensed charitable organization may provide card-minding devices
- 12 for use by players of bingo games.
- 13 2. If a licensed charitable organization offers card-minding devices for use
- 14 by players, the devices shall be capable of being used in conjunction
- 15 with bingo cards or paper sheets at all times.
- 16 3. Subject to the authority of the corporation, the office shall have broad
- 17 authority to define and regulate the use of card-minding devices and the
- 18 corporation may promulgate an administrative regulation concerning use
- 19 and control of them;
- 20 (c) Charity game tickets shall be sold only at the address of the location
- 21 designated on the license to conduct charitable gaming;
- 22 (d) Charity game tickets may be sold, with prior approval of the office:
- 23 1. At any authorized special charity fundraising event conducted by a
- 24 licensed charitable organization at any off-site location; or
- 25 2. By a licensed charitable organization possessing a special limited
- 26 charitable gaming license at any off-site location; and
- 27 (e) An automated charity game ticket dispenser may be utilized by a licensed

1 charitable organization, with the prior approval of the office, only at the
2 address of the location designated on the license to conduct charitable gaming.

3 The corporation may promulgate administrative regulations regulating the use
4 and control of approved automated charity game ticket dispensers.

5 (2) (a) A prize for an individual charity game ticket shall not exceed one thousand
6 four hundred ninety-nine dollars (\$1,499)~~five hundred ninety-nine dollars~~
7 ~~(\$599)}~~ in value, not including the value of cumulative or carryover prizes
8 awarded in seal card games.

9 (b) Cumulative or carryover prizes in seal card games shall not exceed two
10 thousand four hundred dollars (\$2,400).

11 (c) Information concerning rules of the particular game and prizes that are to be
12 awarded in excess of fifty dollars (\$50) in each separate package or series of
13 packages with the same serial number and all rules governing the handling of
14 cumulative or carryover prizes in seal card games shall be posted prominently
15 in an area where charity game tickets are sold. A legible poster that lists prizes
16 to be awarded, and on which prizes actually awarded are posted at the
17 completion of the sale of each separate package shall satisfy this requirement.

18 (d) Any unclaimed money or prize shall return to the charitable organization.

19 (e) A paper charity game ticket shall not be sold in the Commonwealth of
20 Kentucky that does not conform to the standards for opacity, randomization,
21 minimum information, winner protection, color, and cutting established by the
22 office.

23 (f) An electronic pulltab device representation of a charity game ticket shall not
24 be sold in the Commonwealth of Kentucky that does not conform to the
25 construction standards set forth in an administrative regulation promulgated
26 by the corporation. Electronic pulltab devices shall only be used for charitable
27 gaming.

- 1 (g) A person under the age of eighteen (18) shall not be permitted to purchase, or
2 open in any manner, a charity game ticket.
- 3 (3) (a) Tickets for a raffle shall be sold separately, and each ticket shall constitute a
4 separate and equal chance to win.
- 5 (b) All raffle tickets shall be sold for the price stated on the ticket, and a person
6 shall not be required to purchase more than one (1) ticket or to pay for
7 anything other than a ticket to enter a raffle.
- 8 (c) Raffle tickets and tickets for charity fundraising raffle games approved by the
9 office which are offered exclusively at charity fundraising events and special
10 limited charity fundraising events are not required to be sold separately and
11 may be sold at discounted package rates.
- 12 (d) Raffle tickets shall have a unique identifier on each ticket.
- 13 (e) Winners shall be drawn at random at a date, time, and place announced in
14 advance or printed on the ticket.
- 15 (f) All prizes for a raffle shall be identified in advance of the drawing and all
16 prizes identified shall be awarded.
- 17 (4) With respect to charity fundraising events, a licensed charitable organization shall
18 be limited as follows:
- 19 (a) A licensed charitable organization shall not conduct a charity fundraising
20 event or a special limited charity fundraising event unless they have a license
21 for the respective event issued by the office;
- 22 (b) Notwithstanding any other provision of this chapter to the contrary, a
23 special license shall not be required, nor shall any age restriction apply, for
24 any wheel game or game of chance~~[A special license shall not be required~~
25 ~~for any wheel game]~~, such as a cake wheel, that awards only noncash prizes
26 the value of which does not exceed one hundred dollars (\$100);
- 27 (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. A person under the age of eighteen (18) shall not 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(11);

(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. A person under eighteen (18) years of age shall not 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

1 stipulated in KRS 238.555(3), and subject to the restrictions contained in
2 KRS 238.547(2).

- 3 (5) *In any prosecution for selling charitable gaming supplies to a minor, it shall be*
4 *an affirmative defense that the sale was induced by the use of false, fraudulent,*
5 *or altered identification papers or other documents and that the appearance and*
6 *character of the purchaser were such that the purchaser's age could not have*
7 *been ascertained by any other means and that the purchaser's appearance and*
8 *character indicated strongly that the purchaser was of legal age to purchase*
9 *charitable gaming supplies. This evidence may be introduced either in mitigation*
10 *of the charge or as a defense to the charge itself*~~[Presentation of false, fraudulent,~~
11 ~~or altered identification by a minor shall be an affirmative defense in any~~
12 ~~disciplinary action or prosecution that may result from a violation of age restrictions~~
13 ~~contained in this section, if the appearance and character of the minor were such~~
14 ~~that his or her age could not be reasonably ascertained by other means].~~

15 ➔Section 32. KRS 238.555 is amended to read as follows:

- 16 (1) (a) ~~A [No] person [or organization]~~ shall ***not*** operate a charitable gaming facility
17 unless the person~~[or organization]~~ is licensed under the provisions of this
18 chapter, except that ~~[facilities that are utilized by two (2) or fewer charitable~~
19 ~~organizations for the purpose of conducting charitable gaming, and] facilities~~
20 that only host charity fundraising events~~[.]~~ shall be exempt from licensure.
21 (b) The office shall charge a license fee not to exceed ***five thousand dollars***
22 ***(\$5,000)***~~[two thousand five hundred dollars (\$2,500)]~~. Specific license fees to
23 be charged shall be:
24 1. Prescribed in a graduated scale promulgated by administrative
25 regulation; and
26 2. Based on the number of sessions which the facility holds per week or
27 other applicable factors or combination of factors.

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

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

6 (a) The address of the facility;

7 (b) A description of the facility to include square footage of the gaming area,
8 capacity levels, and available parking;

9 (c) **The applicant's ability to manage and operate the charitable gaming facility**
10 **and comply with all applicable standards;**

11 **(d)** The names, addresses, dates of birth, and Social Security numbers of all
12 individuals employed by or contracted with the applicant to manage the
13 facility or provide other authorized services;

14 **(e)**~~(d)~~ The name, address, date of birth, and Social Security number of any
15 individual who has a ten percent (10%) or greater financial interest in the
16 facility;

17 **(f)**~~(e)~~ A copy of the lease agreement used by the applicant; and

18 **(g)**~~(f)~~ Any other information the office deems appropriate.

19 (3) ~~An~~**No** owner, officer, employee, or contractee of a licensed charitable gaming
20 facility or an affiliate, or any member of the immediate family of any officer,
21 employee, or contractee of a licensed charitable gaming facility or an affiliate shall
22 **not**, concerning a lessee:

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

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

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

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

- 1 (e) Provide transportation services in any manner to patrons of a charitable
2 gaming activity;
- 3 (f) Solicit licensed charitable organizations to participate in the conduct of
4 charitable gaming at the charitable gaming facility in order to profit from
5 the conduct of charitable gaming;
- 6 (g) Provide advertisement or marketing services in any manner to a licensed
7 charitable organization;
- 8 (h)(g) Provide, coordinate, or solicit the services of personnel or volunteers in
9 any manner;
- 10 (i)(h) Influence or require a licensed charitable organization to use a certain
11 distributor or any particular gaming supplies; or
- 12 (j)(i) Donate or give any prize to be awarded in the conduct of charitable
13 gaming.
- 14 (4) A licensed charitable gaming facility shall execute a lease agreement with each
15 licensed charitable organization that desires to conduct charitable gaming at the
16 facility. The amount of rent, goods, and services charged shall be reasonable and
17 shall be based on prevailing market values in the general locality for the goods and
18 services to be provided. The amount charged to rent a charitable gaming facility,
19 whether the facility is licensed or unlicensed, shall be a fixed fee and not be based
20 in whole or in part on a percentage of gross receipts, net proceeds derived from the
21 conduct of charitable gaming, or by reference to the number of people in
22 attendance. A licensed charitable gaming facility shall file a copy of each signed
23 lease agreement with the office.
- 24 (5) The number of bingo sessions conducted at a charitable gaming facility shall be
25 limited to the following:
- 26 (a) No more than eighteen (18) sessions per week if the charitable gaming facility
27 is located in one (1) of the following:

- 1 1. A city containing a population equal to or greater than twenty thousand
- 2 (20,000) based upon the most recent federal decennial census;
- 3 2. An urban-county government;
- 4 3. A consolidated local government;
- 5 4. A charter county government; or
- 6 5. A county containing a city of the first class or a city containing a
- 7 population equal to or greater than twenty thousand (20,000) based upon
- 8 the most recent federal decennial census; or
- 9 (b) No more than eight (8) sessions per week if the charitable gaming facility is
- 10 located in a city other than those listed in paragraph (a) of this subsection, or
- 11 in a county that does not contain a city that is listed in paragraph (a) of this
- 12 subsection.
- 13 (6) A licensed charitable gaming facility shall report at least quarterly to the office and
- 14 shall provide any information concerning its operation that the office may require.
- 15 (7) A charity fundraising event at which special limited charitable games are played
- 16 may be conducted at a licensed charitable gaming facility, but no licensed
- 17 charitable gaming facility shall be permitted to hold more than one (1) such event
- 18 per week or more than seven (7) per year.
- 19 (8) A licensed charitable gaming facility shall conspicuously display a sign bearing the
- 20 name and the license number of the charitable organization that is conducting
- 21 charitable gaming activities in the facility.
- 22 (9) The license to operate the charitable gaming facility shall be prominently displayed
- 23 on or in the premises where charitable gaming activity is being conducted, in a
- 24 conspicuous location that is readily accessible to gaming patrons as well as
- 25 employees of the office, law enforcement officials, and other interested officials.
- 26 ➔Section 33. KRS 238.560 is amended to read as follows:
- 27 (1) **The corporation may investigate, visit, and have free access to the office or place**

1 of business of a licensee or any location where licensed charitable gaming is
2 offered or conducted or any location or facility under the jurisdiction of the
3 corporation. The corporation may take other actions necessary to fulfill its
4 enforcement obligations pursuant to this chapter and KRS Chapter 230.

5 (2) The office may investigate allegations of wrongdoing upon complaint or upon its
6 own volition. The corporation by administrative regulation may establish
7 procedures for receiving and investigating complaints in an expeditious manner.

8 (3)~~[(2)]~~ In carrying out its enforcement responsibilities, the office may:

9 (a) Inspect and examine all premises in which or on which charitable gaming is
10 conducted or charitable gaming supplies or equipment are manufactured or
11 distributed;

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

15 (c) Demand access to, inspect, and audit books and records of licensees for the
16 purpose of determining compliance with laws and the corporation's
17 administrative regulations relative to charitable gaming; and

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

19 (4)~~[(3)]~~ (a) As used in this subsection, "willful" means that the conduct constituting
20 the violation was committed with intent, not accidentally or inadvertently.

21 (b) The office may take appropriate administrative action against any person
22 licensed or unlicensed under this chapter for any violation of the provisions
23 of this chapter or administrative regulations promulgated thereunder subject to
24 the conditions established by this subsection.

25 (c) The office may deny a license, suspend or revoke a license, impose
26 probationary conditions on a license, issue a written reprimand or warning,
27 impose fines or penalties, issue a cease and desist order, or any combination

1 thereof with regard to any licensee or other person participating in
2 charitable gaming in Kentucky for a violation of any federal or state statute,
3 administrative regulation, or corporation's directive, ruling, or order [place a
4 license holder on probation, issue a letter of reprimand or letter of warning,
5 and levy a fine]. An administrative fine shall not exceed five thousand dollars
6 (\$5,000) [one thousand dollars (\$1,000)] for each offense. The office may
7 deny the issuance of a license or a license renewal if the applicant or licensee
8 has failed to pay a fine levied by the office. The corporation may by
9 administrative regulation classify types of offenses and the recommended
10 administrative action. The type of action to be taken shall be based on the
11 history of previous violations and the nature, severity, and frequency of the
12 offense. Administrative action authorized in this section shall be in addition to
13 any criminal penalties provided in this chapter or under other provisions of
14 law.

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

27 2. A review conducted under subparagraph 1. of this paragraph shall not be

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

12 3. Notwithstanding the provisions of subparagraph 2. of this paragraph, for
13 a violation that is determined to be willful, the office may pursue the
14 administrative actions authorized by this section at any time.

15 4. A letter of warning issued under this section shall:

- 16 a. Identify the violation;
17 b. Describe the corrective action necessary;
18 c. Identify the administrative actions that can be taken if the violation
19 is not addressed; and
20 d. Provide that the person shall have thirty (30) days to correct the
21 action leading to the violation.

22 ~~(5)~~~~(4)~~ The office may reinstate a license that has been revoked at any time after two
23 (2) years from the date of revocation. A license may be reinstated only upon a
24 finding that the violations for which the license was revoked have been corrected.

25 ~~(6)~~~~(5)~~ All departments, divisions, boards, agencies, officers, and institutions of the
26 Commonwealth of Kentucky and all subdivisions thereof, in particular local law
27 enforcement entities, shall cooperate with the office in carrying out its enforcement

1 responsibilities.

2 ~~(7)(6)~~ The office shall report any activity or action which would constitute a
3 criminal offense to the appropriate authorities in the county where the activity or
4 action occurred and to the Attorney General.

5 ~~(8)(7)~~ All administrative actions taken under this section shall be subject to the final
6 order of the corporation.

7 ➔Section 34. KRS 238.565 is amended to read as follows:

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

23 (2) (a) Upon receipt of an appeal, the corporation shall schedule the matter for an
24 administrative hearing that shall be conducted in accordance with KRS
25 Chapter 13B.

26 (b) Following a notice of violation and appeal, a person may apply to the
27 corporation for a stay of the ruling, pending action on an appeal by the

1 corporation.

2 (c) An application for a stay shall be received by the president or his or her
3 designee within ten (10) calendar days of the issuance of the notice of
4 violation.

5 (d) An application for a stay shall be in writing and include the following:

6 1. The name, address, telephone number, and signature of the person
7 requesting the stay;

8 2. A statement of the justification for the stay; and

9 3. The period of time for which the stay is requested.

10 (e) On a finding of good cause, the president or his or her designee may grant
11 the stay. The president or his or her designee shall issue a written decision
12 granting or denying the request for stay within five (5) calendar days from
13 the time the application for stay is received by the president or his or her
14 designee. If the president or his or her designee fails to timely issue a
15 written decision, then the stay is deemed granted. The president or his or
16 her designee may rescind a stay granted under this subsection for good
17 cause.

18 (f) A person who is denied a stay by the president or his or her designee, or has
19 a previously granted stay rescinded under paragraph (e) of this subsection,
20 may petition the corporation to overrule the president's or designee's denial
21 or rescission of the stay. The petition shall be filed in writing with the
22 chairperson of the board of directors of the corporation and received by the
23 chairperson within ten (10) calendar days of the mailing of the president's
24 or designee's denial of the stay. The petition shall state the name, address,
25 phone number, and signature of the petitioner; a statement of justification
26 of the stay; and the time period for which the stay is requested. The
27 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.

(g) 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.

(h) The fact that a stay is granted does not create a presumption that the notice of violation is invalid.

(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 a recommended order based on findings of fact and conclusions of law. Within thirty (30) days of receipt of the recommended order, the corporation 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 shall automatically hear and issue a final order regarding any decision of the corporation 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 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.

1 (6) (a) A summary suspension, notice, or order to cease operations shall only be
2 issued by the corporation if there is an imminent risk to the health and
3 safety of the public or of the misappropriation of charitable gaming
4 revenues.

5 (b) 1. A license holder may first appeal a summary suspension under
6 paragraph (a) of this subsection to the corporation.

7 2. Upon receipt of an appeal, the corporation shall issue a decision to the
8 license holder within twenty (20) days.

9 3. a. If the license holder receives a determination from the
10 corporation that the ceasing of operations stands, the license
11 holder may appeal again to the corporation; and

12 b. Upon receipt of the second appeal, the corporation shall
13 schedule the matter for an administrative hearing that shall be
14 conducted in accordance with KRS Chapter 13B.

15 (7) This chapter shall not prohibit the corporation from temporarily suspending
16 operations of an individual electronic gaming device in the event of a technical
17 breach or temporary emergency.

18 (8) A final order of the corporation may be appealed to the Circuit Court of the county
19 where the appellant works or resides in accordance with KRS Chapter 13B. If the
20 license holder against whom administrative action is proposed does not request an
21 appeal of the action, the corporation shall enter a final order imposing the proposed
22 administrative action.

23 ➔Section 35. KRS 243.500 is amended to read as follows:

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

25 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
26 any illegal alcoholic beverages or cannabis-infused beverages on the licensed
27 premises.

- 1 (2) Making any false, material statements in an application or renewal application for a
2 license or supplemental license.
- 3 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 4 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,
5 or any act regulating the manufacture, sale, and transportation of alcoholic
6 beverages or the sale, distribution, or transportation of cannabis-infused
7 beverages within two (2) consecutive years;
- 8 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
9 alcoholic beverages or cannabis-infused beverages within two (2) consecutive
10 years; or
- 11 (c) Any felony.
- 12 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any
13 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
14 Congress relative to taxation, or for a violation of any related administrative
15 regulations promulgated by the Department of Revenue.
- 16 (5) (a) Revocation of any license or permit provided in KRS 243.060, 243.070,
17 243.600, and 243.610, or granted under any Act of Congress relative to the
18 regulation of the manufacture, sale, and transportation of alcoholic beverages.
- 19 (b) Revocation of any license established under KRS 243.200, 243.403, or
20 243.405 relative to the sale, distribution, or transportation of cannabis-infused
21 beverages.
- 22 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any
23 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
24 facility for betting or transmitting bets on horse races; or permitting to be set up,
25 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
26 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.
- 27 This subsection shall not apply to:

- 1 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 2 (b) The operation of a pari-mutuel system for betting, or the operation of sports
- 3 wagering, where authorized by law;
- 4 (c) The conduct of charitable gaming by a charitable organization licensed or
- 5 permitted under KRS Chapters 230 and 238;~~[-or]~~
- 6 (d) Special temporary raffles of alcoholic beverages under KRS 243.036;
- 7 (e) The conduct of fantasy contests under KRS Chapter 230;
- 8 (f) The conduct of fixed-odds wagering under KRS Chapter 230; or
- 9 (g) Wagering on live horse races and historical horse races authorized by KRS
- 10 Chapter 230.
- 11 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:
- 12 (a) The trafficking or possession upon the licensed premises of controlled or
- 13 illegal substances described in KRS Chapter 218A, including synthetic drugs;
- 14 (b) Knowingly permitting the trafficking or possession by patrons upon the
- 15 licensed premises of controlled or illegal substances described in KRS
- 16 Chapter 218A, including synthetic drugs; or
- 17 (c) Knowingly receiving stolen property upon the licensed premises.
- 18 (8) Failure to comply with the terms of a final order of the board.
- 19 ➔Section 36. KRS 436.480 is amended to read as follows:
- 20 KRS Chapter 528 shall not apply to pari-mutuel, fantasy contests, fixed-odds wagering,
- 21 wagering on live horse races and historical horse races, or sports wagering authorized
- 22 under the provisions of KRS Chapter 230.
- 23 ➔Section 37. KRS 525.090 is amended to read as follows:
- 24 (1) A person is guilty of loitering when the person:
- 25 (a) Loiters or remains in a public place for the purpose of gambling with cards,
- 26 dice, or other gambling paraphernalia, except that the provisions of this
- 27 section shall not apply if the person is participating in charitable gaming

1 defined by KRS 238.505, or is engaged in sports wagering, *fantasy contests,*
2 *fixed-odds wagering, or wagering on live horse races and historical horse*
3 *races* licensed under KRS Chapter 230;

4 (b) Loiters or remains in a public place for the purpose of unlawfully using a
5 controlled substance;

6 (c) Loiters or remains in or about a school, college, or university building or
7 grounds, not having any reason or relationship involving custody of or
8 responsibility for a pupil or student or any other specific legitimate reason for
9 being there and not having written permission from anyone authorized to
10 grant the same; or

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

14 (2) Loitering is a violation.

15 ➔Section 38. KRS 528.010 is amended to read as follows:

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

17 (1) "Advancing gambling activity":

18 (a) Means~~[A person "advances gambling activity" when, acting other than as a~~
19 ~~player, he or she engages in]~~ conduct *a person engages in other than as a*
20 *player* that materially aids any form of gambling activity *not authorized*
21 *under KRS Chapter 154A, 230, or 238.*

22 (b) Includes~~[The conduct shall include,]~~ but is not limited to~~[,]~~ conduct directed
23 toward the:

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

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

- 1 3. Solicitation or inducement of persons to participate therein;~~[-toward the]~~
2 4. Actual conduct of the playing phases thereof; or~~[-toward the]~~
3 5. Arrangement of any of its financial or recording phases or toward any
4 other phase of its operation.

5 (c) A person who gambles at a social game of chance on equal terms with other
6 participants does not otherwise advance gambling activity by performing acts,
7 without remuneration or fee, directed toward the arrangement or facilitation of
8 the game, such as inviting persons to play, permitting the use of premises
9 therefor and supplying equipment used therein;

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

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

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

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

27 (c) A coin-operated amusement machine may entitle the person playing to a

1 noncash, merchandise prize or a voucher, billet, ticket, token, or electronic
2 credit redeemable only for a noncash, merchandise prize under the following
3 rules:

- 4 1. The wholesale value of a merchandise prize awarded as a result of the
5 single play of a machine, either directly or as a result of redemption of a
6 redeemable voucher, does not exceed twenty-five dollars (\$25);
- 7 2. Redeemable vouchers are not redeemable for any merchandise prize that
8 has a wholesale value of more than twenty-five dollars (\$25) times the
9 fewest number of single plays necessary to accrue the redeemable
10 vouchers required to obtain that prize; and
- 11 3. Any redeemable vouchers or merchandise prizes are distributed at the
12 site of the coin-operated amusement machine at the time of play.

13 (d) The noncash merchandise prize shall not be:

- 14 1. An alcoholic beverage;
- 15 2. Eligible for purchase or repurchase; or
- 16 3. Exchangeable for any cash, cash equivalents, or something of value
17 whatsoever;

18 (5) (a) "E-sports competition" means a league, competitive circuit, tournament, or
19 similar competition in which:

- 20 1. Two (2) or more participants or teams of participants compete directly
21 against each other for entertainment and prizes in the same video game
22 at the same time, typically for spectators;
- 23 2. Results are determined solely on the basis of the skill of the players;
- 24 3. The number of participants is fixed before the beginning of the
25 competition;
- 26 4. Any fee collected to participate in the competition shall be collected
27 from all participants before the competition begins;

1 5. At least one (1) participant shall receive something of value based on the
2 results of the competition; and

3 6. The value of any prize shall be predetermined before the competition
4 begins.

5 (b) E-sports shall not include traditional casino games which include but are not
6 limited to poker, roulette, craps, or blackjack;

7 (6) (a) "Gambling" means staking or risking something of value upon the outcome of
8 a contest, game, gaming scheme, or gaming device which is based upon an
9 element of chance, in accord with an agreement or understanding that
10 someone will receive something of value in the event of a certain outcome.
11 "Gambling" includes playing or offering for play any game, contest, or
12 competition utilizing a gambling device.

13 (b) "Gambling" does not include:

14 1. A contest or game in which eligibility to participate is determined by
15 chance and the ultimate winner is determined by skill;

16 2. Charitable gaming which is licensed and regulated under the provisions
17 of KRS Chapter 238;

18 3. E-sports competitions;

19 4. Skill-based contests;~~[-or]~~

20 5. The use or operation of any devices or machines that are described in
21 subsection (7)(b) of this section;

22 6. Fantasy contests regulated under KRS Chapter 230; or

23 7. Fixed-odds wagering as defined in Section 1 of this Act;

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

25 1. Any so-called slot machine or any other machine or mechanical device
26 which when operated may deliver, as a result of the application of any
27 element of chance, any money or property, or by the operation of which

- 1 a person may become entitled to receive, as the result of the application
2 of any element of chance, any money or property;
- 3 2. Any mechanical or electronic device permanently located in a business
4 establishment, including a private club, that is offered or made available
5 to a person to play or participate in a simulated gambling program in
6 return for direct or indirect consideration, including but not limited to
7 consideration paid for internet access or computer time, or a
8 sweepstakes entry, which when operated may deliver as a result of the
9 application of any element of chance, regardless of whether the result is
10 also partially or predominantly based on skill, any money or property, or
11 by the operation of which a person may become entitled to receive, as
12 the result of the application of any element of chance, regardless of
13 whether the result is also partially or predominantly based on skill, any
14 money or property;
- 15 3. Any other machine or any mechanical, electronic, or other device,
16 including but not limited to roulette wheels, gambling tables and similar
17 devices, designed and manufactured primarily for use in connection with
18 gambling and which when operated may deliver, as the result of the
19 application of any element of chance, any money or property, or by the
20 operation of which a person may become entitled to receive, as the
21 result of the application of any element of chance, any money or
22 property; or
- 23 4. Any electronic, computerized, or mechanical contrivance, terminal,
24 machine, or other device that:
- 25 a. Requires the direct or indirect payment of consideration which
26 may include and shall not be limited to the insertion of a coin,
27 currency, ticket, token, or similar object, or by depositing funds

1 with the operator or owner of the device, to operate, play, or
2 activate a game; and

3 b. Offers games the outcomes of which are determined by any
4 element of skill of the player and may deliver or entitle the person
5 playing or operating the device to receive cash, cash equivalents,
6 or gift cards or vouchers, billets, tickets, tokens, or electronic
7 credits to be exchanged for cash or to receive merchandise or
8 something of value, whether the payoff is made automatically
9 from the device or manually.

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

11 1. Devices used in wagering on live races at licensed~~[dispensing or~~
12 ~~selling combination or French pools on licensed, regular]~~ racetracks
13 during races on said tracks;

14 2. Devices used in wagering~~[dispensing or selling combination or French~~
15 ~~pools]~~ on historical races at licensed, regular racetracks as lawfully
16 authorized by the Kentucky Horse Racing and Gaming Corporation;

17 3. Electro-mechanical pinball machines specially designed, constructed, set
18 up, and kept to be played for amusement only. Any pinball machine
19 shall be made to receive and react only to the deposit of coins during the
20 course of a game. The ultimate and only award given directly or
21 indirectly to any player for the attainment of a winning score or
22 combination on any pinball machine shall be the right to play one (1) or
23 more additional games immediately on the same device at no further
24 cost. The maximum number of free games that can be won, registered,
25 or accumulated at one (1) time in operation of any pinball machine shall
26 not exceed thirty (30) free games. Any pinball machine shall be made to
27 discharge accumulated free games only by reactivating the playing

1 mechanism once for each game released. Any pinball machine shall be
2 made and kept with no meter or system to preserve a record of free
3 games played, awarded, or discharged. Nonetheless, a pinball machine
4 shall be a gambling device if a person gives or promises to give money,
5 tokens, merchandise, premiums, or property of any kind for scores,
6 combinations, or free games obtained in playing the pinball machine in
7 which the person has an interest as owner, operator, keeper, or
8 otherwise;

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

10 5. Coin-operated amusement machines;

11 6. Devices used for wagering exempted from the application of this chapter
12 pursuant to KRS 436.480;

13 7. Devices used in e-sports competitions;~~[-or]~~

14 8. Devices used in skill-based contests, provided such devices do not meet
15 the definition of gambling devices in paragraph (a) of this subsection; **or**

16 **9. Devices used for fixed-odds wagering;**

17 (8) "Lottery and gift enterprise" means:

18 (a) A gambling scheme in which:

19 1. The players pay or agree to pay something of value for chances,
20 represented and differentiated by numbers or by combinations of
21 numbers or by some other media, one (1) or more of which are to be
22 designated the winning ones;

23 2. The ultimate winner is to be determined by a drawing or by some other
24 method based upon the element of chance; and

25 3. The holders of the winning chances are to receive something of value;
26 and

27 (b) A gift enterprise or referral sales plan which meets the elements of a lottery

1 listed in paragraph (a) of this subsection is to be considered a lottery under
2 this chapter;

3 (9) "Mutuel" or "the numbers games" means a form of lottery in which the winning
4 chances or plays are not determined upon the basis of a drawing or other act on the
5 part of persons conducting or connected with the scheme, but upon the basis of the
6 outcome or outcomes of a future contingent event or events otherwise unrelated to
7 the particular scheme;

8 (10) "Player" means a person who engages in any form of gambling solely as a
9 contestant or bettor, without receiving or becoming entitled to receive any profit
10 therefrom other than personal gambling winnings, and without otherwise rendering
11 any material assistance to the establishment, conduct, or operation of the particular
12 gambling activity. A person who engages in "bookmaking" as defined in subsection
13 (2) of this section is not a "player." The status of a "player" shall be a defense to any
14 prosecution under this chapter;

15 (11) "Profiting from gambling activity" occurs ~~—A person "profits from gambling~~
16 ~~activity"—~~ when, other than as a player, a person ~~he or she~~ accepts or receives or
17 agrees to accept or receive money or other property pursuant to an agreement or
18 understanding with any other person whereby the person ~~he or she~~ participates or
19 is to participate in the proceeds of gambling activity not authorized under KRS
20 Chapter 154A, 230, or 238;

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

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

27 (14) "Skill-based contest" means a live, in-person competitive event among two (2) or

1 more individuals or teams of individuals in which the ultimate winner is determined
2 by skill and the competitive event does not utilize a gambling device; and

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

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

11 ➔Section 39. KRS 528.070 is amended to read as follows:

12 (1) A person is guilty of permitting gambling when, having possession or control of
13 premises which he or she knows are being used to advance gambling activity that is
14 not licensed under KRS Chapter 154A, 230, or 238, he or she fails to halt or abate
15 or attempt to halt or abate such use within a reasonable period of time.

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

17 ➔Section 40. KRS 2.015 is amended to read as follows:

18 Persons of the age of eighteen (18) years are of the age of majority for all purposes in this
19 Commonwealth except for the purchase of alcoholic beverages, sports wagering, and for
20 purposes of care and treatment of children with disabilities, for which twenty-one (21)
21 years is the age of majority, all other statutes to the contrary notwithstanding.

22 ➔Section 41. KRS 68.182 is amended to read as follows:

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

27 (2) As used in this section:

- 1 (a) "Historical horse race" has the same meaning as in KRS 138.511; and
- 2 (b) 1. "Racetrack extension" means any facility:
- 3 a. Owned, leased, or purchased by an association licensed by the
- 4 Kentucky Horse Racing and Gaming Corporation under KRS
- 5 230.300;
- 6 b. That meets the definition of "track" under KRS
- 7 230.210(47)(c); and
- 8 c. Where pari-mutuel wagering on historical horse races is conducted
- 9 on terminals approved by the Kentucky Horse Racing and Gaming
- 10 Corporation.
- 11 2. "Racetrack extension" does not include a facility or real property used
- 12 for training horses or at which live horse races are run for stakes, purses,
- 13 or prizes under the jurisdiction of the Kentucky Horse Racing and
- 14 Gaming Corporation.

15 ➔Section 42. KRS 91.202 is amended to read as follows:

- 16 (1) Occupational license fees levied under KRS 91.200 by the legislative body of a city
- 17 of the first class may apply to racetrack extensions.
- 18 (2) As used in this section:
- 19 (a) "Historical horse race" has the same meaning as in KRS 138.511; and
- 20 (b) 1. "Racetrack extension" means any facility:
- 21 a. Owned, leased, or purchased by an association licensed by the
- 22 Kentucky Horse Racing and Gaming Corporation under KRS
- 23 230.300;
- 24 b. That meets the definition of "track" under KRS
- 25 230.210(47)(c); and
- 26 c. Where pari-mutuel wagering on historical horse races is conducted
- 27 on terminals approved by the Kentucky Horse Racing and Gaming

1 Corporation.

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

6 ➔Section 43. KRS 92.282 is amended to read as follows:

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

9 (2) As used in this section:

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

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

12 a. Owned, leased, or purchased by an association licensed by the
13 Kentucky Horse Racing and Gaming Corporation under KRS
14 230.300;

15 b. That meets the definition of "track" under KRS
16 230.210(47)(37)(c); and

17 c. Where pari-mutuel wagering on historical horse races is conducted
18 on terminals approved by the Kentucky Horse Racing and Gaming
19 Corporation.

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

24 ➔Section 44. KRS 238.550 is amended to read as follows:

25 (1) All adjusted gross receipts from charitable gaming shall be handled only by
26 chairpersons, officers, or employees of the licensed charitable organization.

27 (2) Except as authorized by subsection (1) of this section, within five (5) business

1 days after the completion of a charitable gaming event or session, all gross receipts
2 and adjusted gross receipts shall be deposited into one checking account devoted
3 exclusively to charitable gaming. This checking account shall be designated the
4 "charitable gaming account," and the licensed charitable organization shall maintain
5 its account at a financial institution located in the Commonwealth of Kentucky.†
6 ~~No~~ Other funds shall not~~may~~ be deposited or transferred into the charitable
7 gaming account.

8 (3) All payments for charitable gaming expenses, payments made for prizes purchased,
9 and any charitable donations from charitable gaming receipts shall be made from
10 the charitable gaming account and the payments or donations shall be made only by
11 bona fide officers of the organization by checks having preprinted consecutive
12 numbers and made payable to specific persons or organizations. No check drawn on
13 the charitable gaming account may be made payable to "cash," or "bearer," except
14 that a licensed charitable organization may withdraw start-up funds for a charitable
15 gaming event or session from the charitable gaming account by check made payable
16 to "cash" or "bearer," if these start-up funds are redeposited into the charitable
17 gaming account together with all adjusted gross receipts derived from the particular
18 event or session. Checks shall be imprinted with the words "charitable gaming
19 account" and shall contain the organization's license number on the face of each
20 check. Payments for charitable gaming expenses, prizes purchased, and charitable
21 donations may be made by electronic funds transfer if the payments are made to
22 specific persons or organizations. The corporation may by administrative regulation
23 adopt alternative reporting requirements for charitable gaming of limited scope or
24 duration, if these requirements are sufficient to ensure accountability for all moneys
25 handled.

26 (4) A licensed charitable organization shall expend net receipts exclusively for
27 purposes consistent with the charitable, religious, educational, literary, civic,

1 fraternal, or patriotic functions or objectives for which the licensed charitable
2 organization received and maintains federal tax-exempt status, or consistent with its
3 status as a local school district, a common school, an institution of higher education,
4 or a state college or university. No net receipts shall inure to the private benefit or
5 financial gain of any individual.

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

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

19 (7) All other licensed charitable organizations shall submit reports to the office at least
20 quarterly at the time and on a form established in administrative regulations
21 promulgated by the corporation.

22 (8) Failure by a licensed charitable organization to file reports required under this
23 chapter shall constitute grounds for revocation of the organization's license or
24 denial of the organization's application to renew its license in accordance with KRS
25 238.560~~(4)~~~~(3)~~. Reports filed by a licensed charitable organization shall include but
26 shall not be limited to the following information:

27 (a) All gross receipts received from charitable gaming for the reporting period,

- 1 classified by type of gaming activity;
- 2 (b) The names and addresses of all persons who are winners of prizes having a
- 3 fair market value of six hundred dollars (\$600) or more;
- 4 (c) All expenses paid and the names and addresses of all persons to whom
- 5 expenses were paid;
- 6 (d) All net receipts retained and the names and addresses of all charitable
- 7 endeavors that received money from the net receipts; and
- 8 (e) Any other information the office deems appropriate.
- 9 (9) ~~A[No]~~ licensed charitable organization shall **not** incur charitable gaming expenses,
- 10 except as provided in this chapter. ~~A[No]~~ licensed charitable organization shall **not**
- 11 be permitted to expend amounts in excess of prevailing market rates for the
- 12 following charitable gaming expenses:
- 13 (a) Charitable gaming supplies and equipment;
- 14 (b) Rent;
- 15 (c) Utilities;
- 16 (d) Insurance;
- 17 (e) Advertising;
- 18 (f) Janitorial services;
- 19 (g) Bookkeeping and accounting services;
- 20 (h) Security services;
- 21 (i) Membership dues for its participation in any charitable gaming trade
- 22 organization; and
- 23 (j) Any other expenses the corporation may determine by administrative
- 24 regulation to be legitimate.
- 25 (10) ~~A[No]~~ licensed charitable organization shall **not** expend receipts from charitable
- 26 gaming activities nor incur expenses to form, maintain, or operate as a labor
- 27 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 45. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO READ AS FOLLOWS:

(1) The General Assembly finds and declares that:

- (a) The Commonwealth of Kentucky is internationally recognized as the preeminent center of the Thoroughbred horse industry, serving as the breeding, sales, and racing capital of the world;**
- (b) The economic impact of the Thoroughbred industry in Kentucky generates billions of dollars annually, supports tens of thousands of jobs, and sustains a complex ecosystem of breeders, farms, veterinarians, sales companies, and racetracks;**
- (c) The integrity, accuracy, and reliability of pedigree records are foundational to the valuation, breeding, and sale of Thoroughbred horses, directly influencing market confidence and investment in the industry;**
- (d) A registrar of Thoroughbred horses ensures the maintenance of accurate lineage records, ownership documentation, and breeding data necessary to preserve the integrity of the breed;**
- (e) A registrar operating with transparency, accountability, and collaboration with breeders and industry stakeholders builds trust and confidence in the**

1 recordkeeping;

2 (f) Kentucky has a compelling state interest in ensuring that any registrar of
3 Thoroughbred horses operates in a manner that promotes fairness,
4 competition, and long-term sustainability within the industry;

5 (g) A registrar framework within Kentucky would further solidify the
6 Commonwealth's role as the global standard-setter for Thoroughbred
7 breeding, registration, and innovation; and

8 (h) Coordination between a registrar, breeders, and relevant regulatory or
9 industry bodies would provide a structured mechanism for evaluating
10 emerging issues, including breeding limits, genetic diversity, and industry
11 best practices.

12 (2) For purposes of this chapter, a registrar of Thoroughbreds shall:

13 (a) 1. Not restrict the number of mares that can be bred to a stallion or
14 otherwise refuse to register any foal based upon the number of mares
15 bred to the stallion of the foal submitted for registration, unless the
16 limitations have first been adopted and implemented by unanimous
17 consent of a vote of the representatives of the members of the
18 International Stud Book Committee; or

19 2. Not refuse to register any foal of a mare that is or seeks to be:

20 a. Bred in the Commonwealth of Kentucky;

21 b. Residing in the Commonwealth of Kentucky; or

22 c. Foaling in the Commonwealth of Kentucky;

23 if the foal would otherwise meet the registration requirements of the
24 Jockey Club but for the limitation set forth in subparagraph 1. of this
25 paragraph and the limitations have not been adopted and implemented
26 by the International Stud Book Committee; and

27 (b) Consent to the jurisdiction of the Commonwealth of Kentucky.

1 (3) Notwithstanding any provision of this section to the contrary, if any registrar fails
2 to comply with the requirements of this chapter, the corporation shall select and
3 utilize an entity to serve as the registrar of Kentucky Thoroughbreds.

4 (4) The corporation may promulgate administrative regulations in accordance with
5 KRS Chapter 13A to implement this section, if it is required by subsection (3) of
6 this section to designate an entity to serve as the registrar of Kentucky
7 Thoroughbreds.

8 (5) Any violation of subsection (2)(a) of this section shall be considered an unlawful
9 trade practice under KRS Chapters 365 and 367.

10 (6) Notwithstanding subsection (5) of this section, a party aggrieved by a registrar's
11 action in violation of subsection (2)(a) of this section shall have the right to seek
12 any applicable remedy, in law or in equity, against the registrar, as well as be
13 entitled to recover treble damages plus any actual damages sustained as a result
14 of the registrar's actions.

15 ➔Section 46. KRS 230.400 is amended to read as follows:

16 (1) (a) There is hereby created a corporate account for the Kentucky Horse Racing
17 and Gaming Corporation, designated as the Kentucky Thoroughbred
18 development fund, consisting of moneys allocated to the fund under the
19 provisions of KRS 138.510, together with other moneys contributed to or
20 allocated to the fund from all other sources.

21 (b) Moneys to the credit of the Kentucky Thoroughbred development fund shall
22 be transferred in the following order:

23 1. One hundred thousand dollars (\$100,000) each fiscal year to the
24 Kentucky problem gambling assistance account established in KRS
25 230.826; and

26 2. Remaining moneys to the Kentucky Horse Racing and Gaming
27 Corporation to be divided as follows:

- 1 a. At least ninety percent (90%) shall be allocated within Kentucky
2 as set forth in this section; and
- 3 b. Up to ten percent (10%) for administration and operation of the
4 corporation.
- 5 (c) Moneys from the Kentucky Thoroughbred development fund shall be
6 allocated to each licensed association in an amount equal to at least ninety
7 percent (90%) of the amount the association contributed to the fund.
- 8 (d) Moneys to the credit of the Kentucky Thoroughbred development fund at the
9 end of each fiscal year shall not lapse, but shall be carried forward in such
10 fund to the succeeding fiscal year.
- 11 (2) There is hereby established, under the general jurisdiction of the Kentucky Horse
12 Racing and Gaming Corporation, a Kentucky Thoroughbred Development Fund
13 Advisory Committee. The advisory committee shall consist of five (5) members, all
14 of whom shall be residents of Kentucky, to be appointed by the chairman of the
15 Kentucky Horse Racing and Gaming Corporation by July 1 of each year. The
16 committee shall consist of two (2) Thoroughbred breeders recommended by the
17 Kentucky Thoroughbred Owners and Breeders, Inc.; one (1) Thoroughbred owner
18 recommended by the Kentucky division of the Horsemen's Benevolent and
19 Protective Association; one (1) officer or director of a licensed association
20 conducting Thoroughbred racing in Kentucky, recommended by action of all of the
21 licensed associations conducting Thoroughbred racing in Kentucky; and one (1)
22 member of the Kentucky Horse Racing and Gaming Corporation. If any member
23 other than the corporation member has not been recommended for appointment by
24 July 1 of each year, the chairman of the Kentucky Horse Racing and Gaming
25 Corporation shall make an appointment for the organization or organizations failing
26 to recommend a member of the committee. The members of the advisory committee
27 shall serve without compensation, but shall be entitled to reimbursement for all

1 expenses incurred in the discharge of official business. The advisory committee
2 shall select from its membership annually a chairman and a vice chairman.

3 (3) (a) The Kentucky Thoroughbred Development Fund Advisory Committee shall
4 advise and assist the Kentucky Horse Racing and Gaming Corporation in the
5 development of the supplemental purse program provided herein for
6 Kentucky-bred Thoroughbreds, shall make recommendations to the
7 corporation with respect to the establishment of guidelines, administrative
8 regulations for the provision of supplemental purses, the amount thereof, the
9 races for which the purses are to be provided and the conditions thereof,
10 manner and method of payment of supplemental purses, registry of
11 Thoroughbred stallions standing within the Commonwealth of Kentucky,
12 registry of Kentucky-bred Thoroughbreds for purposes of this section, nature
13 and type of forms and reports to be employed and required in connection with
14 the establishment, provision for, award and payment of supplemental purses,
15 and with respect to all other matters necessary in connection with the carrying
16 out of the intent and purposes of this section.

17 (b) The Kentucky Horse Racing and Gaming Corporation shall employ qualified
18 personnel as may be required to assist the corporation and the advisory
19 committee in carrying out the provisions of this section. These persons shall
20 serve at the pleasure of the corporation and compensation for these personnel
21 shall be fixed by the corporation.

22 (4) The Kentucky Horse Racing and Gaming Corporation, with the advice and
23 assistance of the Kentucky Thoroughbred Development Fund Advisory Committee,
24 shall use the Kentucky Thoroughbred development fund to promote, enhance,
25 improve, and encourage the further and continued development of the
26 Thoroughbred breeding industry in Kentucky by providing, out of the Kentucky
27 Thoroughbred development fund, supplemental purses for designated stakes,

1 handicap, allowance, nonclaiming maiden races, and claiming races contested at
2 licensed Thoroughbred race meetings in Kentucky. The Kentucky Horse Racing
3 and Gaming Corporation may, by administrative regulation promulgated in
4 accordance with KRS Chapter 13A, establish the requirements, conditions, and
5 procedures for awarding and payment of supplemental purses in designated races
6 by Kentucky-bred Thoroughbred horses. That portion of the supplemental purse
7 provided for any designated race shall be awarded and paid to the owner of the
8 horse only if the horse is a Kentucky-bred Thoroughbred duly registered with the
9 official registrar. Any portion of the supplemental purse which is not awarded and
10 paid over shall be returned to the Kentucky Thoroughbred development fund.

11 (5) (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall
12 mean and include only a Thoroughbred stallion standing the entire breeding
13 season in Kentucky and registered as a Kentucky Thoroughbred stallion with
14 the official registrar of the Kentucky Thoroughbred development fund.

15 (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term
16 "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and
17 include only Thoroughbred horses sired by Kentucky Thoroughbred stallions
18 foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the
19 official registrar of the Kentucky Thoroughbred development fund.

20 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a
21 Kentucky-bred Thoroughbred for purposes of this section if the horse was
22 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud
23 within Kentucky at the time of conception of such Thoroughbred, provided
24 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with
25 the official registrar of the Kentucky Thoroughbred development fund.

26 (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to
27 demand, claim, and receive a portion of a supplemental purse provided by the

1 Kentucky Thoroughbred development fund, the Thoroughbred horse in a
2 designated race for which a supplemental purse has been provided by the
3 Kentucky Thoroughbred development fund shall have been duly registered as
4 a Kentucky-bred Thoroughbred with the official registrar of the Kentucky
5 Thoroughbred development fund prior to entry in the race.

6 (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and
7 designated as the sole official registrar of the Kentucky Thoroughbred
8 development fund for the purposes of registering Kentucky Thoroughbred
9 stallions and Kentucky-bred Thoroughbreds in accordance with the terms of
10 this section and any administrative regulations promulgated by the Kentucky
11 Horse Racing and Gaming Corporation. When a Kentucky-bred
12 Thoroughbred is registered with the official registrar, the registrar shall be
13 authorized to stamp the ~~Jockey Club~~ certificate issued for the Thoroughbred
14 with the seal of the registrar, certifying that the Thoroughbred is a duly
15 qualified and registered Kentucky-bred Thoroughbred for purposes of this
16 section. The registrar may establish and charge, with the approval of the
17 corporation, reasonable registration fees for its services in the registration of
18 Kentucky Thoroughbred stallions and in the registration of Kentucky-bred
19 Thoroughbreds. Registration records of the registrar shall be public records
20 and open to public inspection at all normal business hours and times.

21 (b) Any interested party aggrieved by the failure or refusal of the official registrar
22 to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-
23 bred Thoroughbred shall have the right to file with the registrar, within thirty
24 (30) days of such failure or refusal of the registrar, a petition seeking
25 registration of the Thoroughbred. The corporation shall promptly hear the
26 matter de novo and issue its order directing the official registrar to register or
27 not to register as it may be determined by the registrar.

1 (7) The Kentucky Horse Racing and Gaming Corporation may promulgate
2 administrative regulations to carry out the provisions and purposes of this section,
3 including the promulgation of administrative regulations and forms for the proper
4 registration of Kentucky stallions and Kentucky-bred Thoroughbreds with the
5 official registrar, and shall administer the Kentucky-bred Thoroughbred program
6 created hereby in a manner best designed to promote and aid in the further
7 development of the Thoroughbred breeding industry in Kentucky, to upgrade the
8 quality of Thoroughbred racing in Kentucky, and to improve the quality of
9 Thoroughbred horses bred in Kentucky.

10 ➔Section 47. KRS 230.811 is amended to read as follows:

11 (1) Except as provided in KRS 230.805(6), no person shall conduct, manage, or offer to
12 conduct sports wagering within the Commonwealth of Kentucky without obtaining
13 a license from the corporation.

14 (2) As a prerequisite to obtaining a sports wagering license, a person shall be licensed
15 as an association under KRS 230.300. If sports wagering is conducted by the track
16 that chooses not to contract with a service provider, it shall comply with the
17 standards established by the corporation for service providers to ensure the integrity
18 of the system of sports wagering before conducting sports wagering in the
19 Commonwealth.

20 (3) In addition to the requirement in subsection (2) of this section, an initial fee of five
21 hundred thousand dollars (\$500,000) shall be paid to the corporation before a sports
22 wagering license may be issued to a track.

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

25 (5) (a) A track or association shall not manage or offer to conduct fixed-odds
26 wagering within the Commonwealth of Kentucky without obtaining a
27 supplemental license from the corporation.

1 **(b) An initial fee of two thousand five hundred dollars (\$2,500) shall be paid to**
2 **the corporation before a supplemental license may be issued to a track or**
3 **association.**

4 **(c) An annual renewal fee of two thousand five hundred dollars (\$2,500) shall**
5 **be required for a supplemental license.**

6 **(6)** Licensing fees under this section shall be paid to the corporation.

7 ➔Section 48. KRS 230.990 is amended to read as follows:

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

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

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

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

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

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

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

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

2 (7) Any participant who wagers on a sporting event in violation of KRS 230.820 or
3 participates in a fantasy contest in violation of Section 9 of this Act is guilty of a
4 Class A misdemeanor.

5 (8) Any person tampering with the outcome of a sporting event in violation of KRS
6 230.820 or a fantasy contest in violation of Section 9 of this Act is guilty of a
7 Class C felony.

8 ➔Section 49. The Kentucky Horse Racing and Gaming Corporation shall present
9 a status report on the purse stabilization fund established in Section 12 of this Act no later
10 than November 30, 2027, to the Interim Joint Committee on Licensing, Occupations, and
11 Administrative Regulations, to include the amount:

12 (1) Received in the fund; and

13 (2) Of moneys bet in fixed-odds wagering on horse racing versus all other
14 sporting events.

15 ➔Section 50. KRS 230.3615 is amended to read as follows:

16 (1) The commission, including the tax levied in KRS 138.510, deducted from the gross
17 amount wagered by the association which operates a race track under the
18 jurisdiction of the Kentucky Horse Racing and Gaming Corporation and conducts
19 the Thoroughbred racing at which betting is conducted through a pari-mutuel or
20 other similar system, in races where the patron is required to select one (1) horse,
21 and the breaks, which breaks shall be made and calculated in accordance with
22 Section 52 of this Act~~[to the penny]~~, except on races previously run in which the
23 breaks shall be made and calculated in accordance with Section 52 of this Act~~[to~~
24 ~~the penny]~~ or retained in the pari-mutuel pools, shall not be more than seventeen
25 and one-half percent (17.5%).

26 (2) The commission, including the tax levied in KRS 138.510, deducted from the gross
27 amount wagered by the person, corporation, or association which operates a race

1 track under the jurisdiction of the Kentucky Horse Racing and Gaming Corporation
2 and conducts Thoroughbred racing at which betting is conducted through a pari-
3 mutuel or other similar system shall not exceed twenty-two percent (22%) of the
4 gross handle in races where the patron is required to select two (2) or more horses,
5 and the breaks, which breaks shall be made and calculated in accordance with
6 Section 52 of this Act~~to the penny~~, except on races previously run in which the
7 breaks shall be made and calculated in accordance with Section 52 of this Act~~to~~
8 ~~the penny~~ or retained in the pari-mutuel pools.

9 (3) The minimum wager to be accepted by any licensed association shall be ten cents
10 (\$0.10). The minimum pay-off on a one dollar (\$1) wager shall be one dollar and
11 ten cents (\$1.10); but, in the event of a minus pool, the minimum pay-off for a one
12 dollar (\$1) wager shall be one dollar and five cents (\$1.05).

13 (4) Each association conducting Thoroughbred racing shall pay to the corporation all
14 moneys allocated to the backside improvement fund in an amount equal to one-half
15 of one percent (0.5%) of its on-track pari-mutuel wagers.

16 ➔Section 51. KRS 230.750 is amended to read as follows:

17 The commission, including the tax levied in KRS 138.510, deducted from the gross
18 amount wagered by the person, corporation, or association which operates a harness
19 horse track under the jurisdiction of the corporation at which betting is conducted through
20 a pari-mutuel or other similar system shall not exceed eighteen percent (18%) of the gross
21 amount handled on straight wagering pools and twenty-five percent (25%) of the gross
22 amount handled on multiple wagering pools, plus the breaks, which shall be made and
23 calculated in accordance with Section 52 of this Act~~to the penny~~, except on races
24 previously run in which the breaks shall be made and calculated in accordance with
25 Section 52 of this Act~~to the penny~~ or retained in the pari-mutuel pools. Multiple
26 wagering pools shall include daily double, perfecta, double perfecta, quinella, double
27 quinella, trifecta, and other types of exotic betting. An amount equal to three percent

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

➔SECTION 52. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, "the nearest five cent (\$0.05) increment" means:

(a) Amounts ending in one cent (\$0.01) and two cents (\$0.02) are rounded down to the nearest ten (\$0.10) cents;

(b) Amounts ending in three cents (\$0.03) and four cents (\$0.04) are rounded up to the nearest five (\$0.05) cents;

(c) Amounts ending in six cents (\$0.06) and seven cents (\$0.07) are rounded down to the nearest five (\$0.05) cents;

(d) Amounts ending in eight cents (\$0.08) and nine cents (\$0.09) are rounded up to the nearest ten (\$0.10) cents; and

(e) Amounts ending in zero (\$0.00) cents and five (\$0.05) cents remain unchanged.

(2) In order to calculate the breaks in Sections 50 and 51 of this Act:

(a) Rounding cash transactions to the nearest five cent (\$0.05) increment may occur:

1. When pennies are not available to complete resolution of a transaction; and

2. On settlement of the final bill of sale, invoice, or fee after all

1 individual items, duties, fees, taxes, and charges are calculated to the
2 exact cent; and

3 **(b) Noncash transactions shall continue to be settled to the cent without**
4 **rounding.**

5 **(3) Notwithstanding any other statute to the contrary, any person operating under**
6 **Sections 50 and 51 of this Act shall not be in violation of any requirements, laws,**
7 **administrative regulations, or standards of this state or political subdivision of**
8 **this state based on any action taken in compliance with this section.**

9 ➔Section 53. KRS 131.190 is amended to read as follows:

10 (1) No present or former commissioner or employee of the department, present or
11 former member of a county board of assessment appeals, present or former property
12 valuation administrator or employee, present or former secretary or employee of the
13 Finance and Administration Cabinet, former secretary or employee of the Revenue
14 Cabinet, or any other person, shall intentionally and without authorization inspect
15 or divulge any information acquired by him or her of the affairs of any person, or
16 information regarding the tax schedules, returns, or reports required to be filed with
17 the department or other proper officer, or any information produced by a hearing or
18 investigation, insofar as the information may have to do with the affairs of the
19 person's business.

20 (2) The prohibition established by subsection (1) of this section shall not extend to:

21 (a) Information required in prosecutions for making false reports or returns of
22 property for taxation, or any other infraction of the tax laws;

23 (b) Any matter properly entered upon any assessment record, or in any way made
24 a matter of public record;

25 (c) Furnishing any taxpayer or his or her properly authorized agent with
26 information respecting his or her own return;

27 (d) Testimony provided by the commissioner or any employee of the department

1 in any court, or the introduction as evidence of returns or reports filed with the
2 department, in an action for violation of state or federal tax laws or in any
3 action challenging state or federal tax laws;

4 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
5 energy resources assessed under KRS 132.820, or owners of surface land
6 under which the unmined minerals lie, factual information about the owner's
7 property derived from third-party returns filed for that owner's property, under
8 the provisions of KRS 132.820, that is used to determine the owner's
9 assessment. This information shall be provided to the owner on a confidential
10 basis, and the owner shall be subject to the penalties provided in KRS
11 131.990(2). The third-party filer shall be given prior notice of any disclosure
12 of information to the owner that was provided by the third-party filer;

13 (f) Providing to a third-party purchaser pursuant to an order entered in a
14 foreclosure action filed in a court of competent jurisdiction, factual
15 information related to the owner or lessee of coal, oil, gas reserves, or any
16 other mineral resources assessed under KRS 132.820. The department may
17 promulgate an administrative regulation establishing a fee schedule for the
18 provision of the information described in this paragraph. Any fee imposed
19 shall not exceed the greater of the actual cost of providing the information or
20 ten dollars (\$10);

21 (g) Providing information to a licensing agency, the Transportation Cabinet, or
22 the Kentucky Supreme Court under KRS 131.1817, including providing
23 information to the Kentucky Horse Racing and Gaming Corporation for
24 compliance with licensure requirements under Section 19 of this Act;

25 (h) Statistics of gasoline and special fuels gallonage reported to the department
26 under KRS 138.210 to 138.448;

27 (i) Providing any utility gross receipts license tax return information that is

- 1 necessary to administer the provisions of KRS 160.613 to 160.617 to
2 applicable school districts on a confidential basis;
- 3 (j) Providing documents, data, or other information to a third party pursuant to an
4 order issued by a court of competent jurisdiction;
- 5 (k) Publishing administrative writings on its official website in accordance with
6 KRS 131.020(1)(b); or
- 7 (l) Providing information to the Legislative Research Commission under:
- 8 1. KRS 139.519 for purposes of the sales and use tax refund on building
9 materials used for disaster recovery;
- 10 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 11 3. KRS 141.437 for purposes of the ENERGY STAR home and the
12 ENERGY STAR manufactured home credits;
- 13 4. KRS 141.383 for purposes of the film industry incentives;
- 14 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
15 credit and the job assessment fees;
- 16 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 17 7. KRS 141.396 for purposes of the angel investor credit;
- 18 8. KRS 141.389 for purposes of the distilled spirits credit;
- 19 9. KRS 141.408 for purposes of the inventory credit;
- 20 10. KRS 141.390 for purposes of the recycling and composting credits;
- 21 11. KRS 141.3841 for purposes of the selling farmer credit;
- 22 12. KRS 141.4231 for purposes of the renewable chemical production
23 credit;
- 24 13. KRS 141.524 for purposes of the Education Opportunity Account
25 Program credit;
- 26 14. KRS 141.398 for purposes of the development area credit;
- 27 15. KRS 139.516 for purposes of the sales and use tax exemptions for the

- 1 commercial mining of cryptocurrency;
- 2 16. KRS 141.419 for purposes of the decontamination credit;
- 3 17. KRS 141.391 for purposes of the qualified broadband investment credit;
- 4 18. KRS 139.499 for purposes of the sales and use tax exemptions for a
- 5 qualified data center project; and
- 6 19. KRS 139.5325 for purposes of the sales and use tax incentive for a
- 7 qualifying attraction.
- 8 (3) The commissioner shall make available any information for official use only and on
- 9 a confidential basis to the proper officer, agency, board or commission of this state,
- 10 any Kentucky county, any Kentucky city, any other state, or the federal
- 11 government, under reciprocal agreements whereby the department shall receive
- 12 similar or useful information in return.
- 13 (4) Access to and inspection of information received from the Internal Revenue Service
- 14 is for department use only, and is restricted to tax administration purposes.
- 15 Information received from the Internal Revenue Service shall not be made available
- 16 to any other agency of state government, or any county, city, or other state, and
- 17 shall not be inspected intentionally and without authorization by any present
- 18 secretary or employee of the Finance and Administration Cabinet, commissioner or
- 19 employee of the department, or any other person.
- 20 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
- 21 requirements of KRS Chapter 137 and statistics of natural gas production as
- 22 reported to the department under the natural resources severance tax requirements
- 23 of KRS Chapter 143A may be made public by the department by release to the
- 24 Energy and Environment Cabinet, Department for Natural Resources.
- 25 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
- 26 submissions for the 1989 tax year, the department may make public or divulge only
- 27 those portions of mine maps submitted by taxpayers to the department pursuant to

1 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
2 out parcel areas. These electronic maps shall not be relied upon to determine actual
3 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
4 required under KRS Chapters 350 and 352 shall not be construed to constitute land
5 surveying or boundary surveys as defined by KRS 322.010 and any administrative
6 regulations promulgated thereto.

7 ➔Section 54. (1) The General Assembly finds that:

8 (a) The long-term viability, genetic diversity, and soundness of the Thoroughbred
9 industry are matters of substantial economic and cultural importance to the
10 Commonwealth of Kentucky; and

11 (b) Advances in genomic science and data analysis present an opportunity to
12 better understand breeding practices and their impacts on equine health, performance, and
13 sustainability.

14 (2) The Jockey Club, Thoroughbred breeders of varying sizes located within and
15 outside the Commonwealth of Kentucky, and recognized international stud book
16 authorities, including but not limited to entities responsible for maintaining international
17 Thoroughbred registries, shall collaborate with and engage with each other to consider
18 matters as set forth in this section.

19 (3) The scope shall include:

20 (a) Genomic surveillance within the Thoroughbred breeding industry, including
21 the identification of heritable conditions, soundness issues, and other genetic risk factors,
22 if any;

23 (b) The extent to which current breeding practices, including the concentration of
24 breeding among high-demand stallions, may impact genetic diversity, durability, and
25 overall herd health;

26 (c) Data derived from domestic and international stud books, breeding registries,
27 veterinary research, and academic studies relevant to equine genetics and breeding

1 outcomes;

2 (d) Whether industry conditions warrant consideration of limitations or caps on
3 the number of mares to which a single stallion may be bred during a breeding season, and
4 the potential economic, legal, and international implications of any such limitations; and

5 (e) Best practices from other jurisdictions, breeds, or international models
6 regarding genetic management and breeding limits.

7 (4) The effort shall:

8 (a) Include input from breeders of varying sizes, owners, veterinarians,
9 geneticists, academic researchers, and industry stakeholders;

10 (b) Provide for consultation with international organizations responsible for
11 Thoroughbred registry standards and stud book harmonization; and

12 (c) Be conducted in a manner that ensures data integrity, confidentiality where
13 appropriate, and transparency of methodology.

14 (5) This section shall not be construed to require the adoption of genomic
15 surveillance measures or the imposition of breeding caps, but rather to ensure a
16 comprehensive consideration of both the attributes and limitations associated with such
17 measures.

18 (6) On or before December 1, 2026, the parties shall submit a written report to the
19 Interim Joint Committee on Licensing, Occupations, and Administrative Regulations to
20 include:

21 (a) Factors considered as part of the effort;

22 (b) The feasibility and advisability of genomic surveillance;

23 (c) Analysis of the potential need for, and impacts of, any cap on stallion
24 breeding; and

25 (d) Recommendations for legislative or regulatory action, if any.

26 ➔Section 55. If any provision of this Act or the application thereof to any person
27 or circumstance is held invalid, the invalidity shall not affect other provisions or

- 1 applications of the Act that can be given effect without the invalid provision or
2 application, and to this end the provisions of this Act are severable.
- 3 ➔Section 56. Sections 1 to 49 of this Act may be cited as the Wagering Consumer
4 Protection Act.