

138.510 Taxes on pari-mutuel wagering on live racing and telephone account, intertrack, and interstate wagering -- Exemptions -- Uses of tax revenue -- Order of disbursements -- Two-day international horse racing event -- International harness racing event.

- (1) (a) Before August 1, 2022, except as provided in paragraph (e) of this subsection and subsection (3) of this section, an excise tax is imposed on all tracks conducting pari-mutuel wagering on live racing under the jurisdiction of the corporation as follows:
 1. For each track with a daily average live handle of one million two hundred thousand dollars (\$1,200,000) or above, the tax shall be in the amount of three and one-half percent (3.5%) of all money wagered on live races at the track during the fiscal year; and
 2. For each track with a daily average live handle under one million two hundred thousand dollars (\$1,200,000), the tax shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.
- (b) Beginning August 1, 2022, the excise tax imposed on all tracks conducting pari-mutuel wagering on live racing under jurisdiction of the corporation shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.
- (c) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting pari-mutuel wagering on historical horse races under the jurisdiction of the corporation at a rate of one and one-half percent (1.5%) of all money wagered on historical horse races at the track during the fiscal year.
- (d) Money shall be deducted from the tax paid under paragraphs (a), (b), and (c) of this subsection and deposited as follows:
 1. a. Before August 1, 2022, an amount equal to three-quarters of one percent (0.75%) of all money wagered on live races and historical horse races at the track for Thoroughbred racing shall be deposited in the Thoroughbred development fund established in KRS 230.400; and
 - b. Beginning August 1, 2022, an amount equal to three-quarters of one percent (0.75%) of all money wagered on live races and historical horse races at the track for Thoroughbred racing shall be deposited in the Thoroughbred development fund established in KRS 230.400 until forty-five million dollars (\$45,000,000) has been deposited during a fiscal year, at which point the amount deposited in the fund shall decrease to four-tenths of one percent (0.4%) of all money wagered on live and historical horse races at the track for Thoroughbred racing for the remainder of the fiscal year;
2. a. Before August 1, 2022, an amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for harness racing shall be deposited in the Kentucky standardbred

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

- b. Beginning August 1, 2022, an amount equal to one percent (1%) of all money wagered on historical horse races at the track for harness racing shall be distributed in the exact amounts based upon contracts between the parties that have been filed with the corporation, but at least one-half (1/2) of the funds shall be deposited into the Kentucky standardbred development fund established in KRS 230.770 until a total of twenty million dollars (\$20,000,000) has been deposited into the Kentucky standardbred development fund during a fiscal year from this subparagraph, at which point the amount deposited in this subdivision shall decrease to four-tenths of one percent (0.4%) of all money wagered for the remainder of the fiscal year. The corporation shall provide the department all information necessary from the contracts in order for the funds in this subparagraph to be distributed;
3.
 - a. An amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for paint horse, Appaloosa, and Arabian horse racing shall be deposited in the Kentucky paint horse, Appaloosa, and Arabian development fund established by KRS 230.445; and
 - b. An amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for quarter horse racing shall be deposited in the Kentucky quarter horse development fund established by KRS 230.405;
4. An amount equal to two-tenths of one percent (0.2%) of all money wagered on live races and historical horse races at the track shall be paid out in equal amounts as follows:
 - a. To the equine industry program trust and revolving fund established by KRS 230.550 to support the Equine Industry Program at the University of Louisville, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed eight hundred fifty thousand dollars (\$850,000);
 - b. To the University of Kentucky for equine industry programs at the university, except that the amount paid from money wagered on historical horse races in any fiscal year shall not exceed four

- hundred thousand dollars (\$400,000);
- c. To the Bluegrass Community and Technical College for the provision of equine industry programs by the system, except that the amount paid from money wagered on historical horse races in any fiscal year shall not exceed two hundred fifty thousand dollars (\$250,000);
 - d. Amounts remaining from money wagered on historical horse races in a fiscal year after payments are made in accordance with subdivisions a., b., and c. of this subparagraph shall be distributed in equal amounts to:
 - i. The Kentucky Horse Racing and Gaming Corporation for the benefit of Thoroughbred, standardbred, and American quarter horse aftercare facilities in Kentucky, in an amount not to exceed two hundred fifty thousand dollars (\$250,000). The Kentucky Horse Racing and Gaming Corporation shall serve as the administrative agent for these funds, and shall distribute them annually to organizations engaged in the accreditation and monitoring of aftercare facilities. Any funds distributed under this subpart by the Kentucky Horse Racing and Gaming Corporation shall be awarded to aftercare facilities based in Kentucky only after the facilities have achieved and maintained levels of service and operation that resulted in national accreditation; and
 - ii. The Kentucky equine management internship program for equine management training, in an amount not to exceed two hundred fifty thousand dollars (\$250,000); and
 - e. Any amounts remaining from money wagered on historical horse races in a fiscal year after payments are made in accordance with subdivisions a., b., c., and d. of this subparagraph shall be paid to the general fund;
5.
 - a. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities and the Bluegrass Community and Technical College, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).
 - b. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subparagraph shall not replace other funds for capital purposes or operation of equine programs at state universities and the Bluegrass Community and Technical College.
 - c. The Kentucky Council on Postsecondary Education shall serve as

the administrative agent for these funds, and shall establish an advisory committee of interested parties, including all universities and the Bluegrass Community and Technical College with established equine programs, to evaluate proposals and make recommendations for the awarding of funds.

- d. The Kentucky Council on Postsecondary Education may promulgate administrative regulations to establish procedures for administering the program and criteria for evaluating and awarding grants; and
6. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races shall be distributed to the corporation to support equine drug testing as provided in KRS 230.265(3), except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).
- (e) The excise tax imposed by paragraphs (a) and (b) of this subsection shall not apply to pari-mutuel wagering on live harness racing at a county fair.
- (2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is imposed on:
 1. All tracks conducting telephone account wagering;
 2. All tracks participating as receiving tracks in intertrack wagering under the jurisdiction of the corporation; and
 3. All tracks participating as receiving tracks displaying simulcasts and conducting interstate wagering thereon.
- (b)
 1. Before August 1, 2022, the tax shall be three percent (3%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.
 2. Beginning August 1, 2022, the tax shall be one and one-half percent (1.5%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.
- (c) A noncontiguous track facility approved by the corporation on or after January 1, 1999, shall be exempt from the tax imposed under this subsection, if the facility is established and operated by a licensed track which has a total annual handle on live racing of two hundred fifty thousand dollars (\$250,000) or less. The amount of money exempted under this paragraph shall be retained by the noncontiguous track facility, KRS 230.3771 and 230.378 notwithstanding.
- (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of this subsection as follows:
 1. An amount equal to one percent (1%) of the amount wagered shall be deposited as follows:
 - a. In the Thoroughbred development fund established in KRS 230.400 if the host track is conducting a Thoroughbred race meeting or the interstate wagering is conducted on a Thoroughbred

- race meeting;
- b. In the Kentucky standardbred development fund established in KRS 230.770, if the host track is conducting a harness race meeting or the interstate wagering is conducted on a harness race meeting;
 - c. In the Kentucky paint horse, Appaloosa, and Arabian development fund established by KRS 230.445, if the host track is conducting a paint horse, Appaloosa, or Arabian horse race meeting or the interstate wagering is conducted on a paint horse, Appaloosa, or Arabian horse race meeting; or
 - d. In the Kentucky quarter horse development fund established by KRS 230.405, if the host track is conducting a quarter horse race meeting or the interstate wagering is conducted on a quarter horse race meeting;
2. An amount equal to twenty-five thousandths of one percent (0.025%) of the amount wagered shall be allocated to the equine industry program trust and revolving fund established by KRS 230.550 to be used to support the Equine Industry Program at the University of Louisville;
 3. An amount equal to one-twentieth of one percent (0.05%) of the amount wagered shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities, as detailed in subsection (1)(d)5. of this section; and
 4. An amount equal to one-twentieth of one percent (0.05%) of the amount wagered shall be distributed to the corporation to support equine drug testing as provided in KRS 230.265(3).
- (3) If a host track in this state is the location for the conduct of a two (2) day international horse racing event that distributes in excess of a total of twenty million dollars (\$20,000,000) in purses and awards:
 - (a) The excise tax imposed by subsection (1)(a) and (b) of this section shall not apply to money wagered at the track on live races conducted at the track during the two (2) day international horse racing event; and
 - (b) Amounts wagered at the track on live races conducted at the track during the two (2) day international horse racing event shall not be included in calculating the daily average live handle for purposes of subsection (1) of this section.
 - (4) If a host track in this state is the location for the conduct of an international harness racing event spanning multiple days that distributes at least five million dollars (\$5,000,000) in purses and awards, the Tourism, Arts and Heritage Cabinet shall be granted a race title sponsorship and promotional package at the international harness racing event with all usual and customary benefits assigned to promote Kentucky tourism. The Tourism, Arts and Heritage Cabinet shall not be charged any fees for the promotional package.
 - (5) The taxes imposed by this section shall be paid, collected, and administered as

provided in KRS 138.530.

Effective: March 27, 2025

History: Amended 2025 Ky. Acts ch. 124, sec. 33, effective March 27, 2025. -- Amended 2024 Ky. Acts ch. 166, sec. 5, effective July 15, 2024; and ch. 171, sec. 43, effective July 1, 2024. -- Amended 2022 Ky. Acts ch. 124, sec. 4, effective July 14, 2022. -- Amended 2018 Ky. Acts ch. 12, sec. 1, effective July 14, 2018. -- Amended 2015 Ky. Acts ch. 4, sec. 1, effective March 17, 2015; and ch. 47, sec. 5, effective June 24, 2015. -- Amended 2014 Ky. Acts ch. 102, sec. 7, effective April 10, 2014. -- Amended 2010 Ky. Acts ch. 24, sec. 106, effective July 15, 2010; and ch. 57, sec. 1, effective July 15, 2010. -- Amended 2009 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 107, effective June 26, 2009. -- Amended 2005 Ky. Acts ch. 106, sec. 6, effective June 20, 2005. -- Amended 2004 Ky. Acts ch. 191, sec. 48, effective July 13, 2004. -- Amended 2000 Ky. Acts ch. 447, sec. 2, effective July 14, 2000. -- Amended 1997 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 43, effective May 30, 1997. -- Amended 1994 Ky. Acts ch. 114, sec. 1, effective July 15, 1994; ch. 272, sec. 2, effective July 15, 1994; and ch. 438, sec. 5, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 109, sec. 7, effective March 30, 1992; and ch. 194, sec. 1, effective July 14, 1992. -- Amended 1990 Ky. Acts ch. 159, sec. 2, effective July 13, 1990. -- Amended 1988 Ky. Acts ch. 376, sec. 5, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 215, sec. 1, effective July 15, 1986; and ch. 296, sec. 1, effective July 15, 1986. -- Amended 1984 Ky. Acts ch. 240, sec. 2, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 100, sec. 8, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 190, sec. 2, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 343, sec. 2. -- Amended 1970 Ky. Acts ch. 258, sec. 1. -- Amended 1956 Ky. Acts ch. 13, sec. 1, effective February 3, 1956. -- Amended 1954 Ky. Acts ch. 76, sec. 1. -- Created 1948 Ky. Acts ch. 35, sec. 1.

Legislative Research Commission Note (7/15/2024). Under the authority of KRS 7.136, references to the "Kentucky Horse Racing Commission" in this statute have been changed in codification to the "Kentucky Horse Racing and Gaming Corporation" to reflect the reorganization enacted by the General Assembly in 2024 Ky. Acts ch. 171.

Legislative Research Commission Note (4/10/2014). 2014 Ky. Acts ch. 102, sec. 39 provides that the amendments to this statute made in 2014 Ky. Acts ch. 102, sec. 7, shall apply retroactively beginning September 1, 2011.

Legislative Research Commission Note (7/14/2000). In codifying the 2000 Regular Session changes to this statute, an existing reference to "subsection (2)" has been changed to "subsection (3)" under KRS 7.136(1). 1994 Ky. Acts ch. 438, sec. 5, broke down the prior subsection (2) into subsections (2) and (3), and the reference to fiscal year remained in the resulting subsection (3), but the necessary adjustment to the reference in subsection (1) was inadvertently overlooked.

Legislative Research Commission Note (7/14/92). This section was amended by two 1992 Acts. Where those Acts are not in conflict, they have been compiled together. Where a conflict exists, the Act which was last enacted by the General Assembly prevails, pursuant to KRS 446.250.