

**CHAPTER 191****(SB 156)**

AN ACT relating to reorganization.

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

Section 1. KRS 12.020 is amended to read as follows:

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

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

1. The Governor.
2. Lieutenant Governor.
3. Department of State.
  - (a) Secretary of State.
  - (b) Board of Elections.
  - (c) Registry of Election Finance.
4. Department of Law.
  - (a) Attorney General.
5. Department of the Treasury.
  - (a) Treasurer.
6. Department of Agriculture.
  - (a) Commissioner of Agriculture.
  - (b) Kentucky Council on Agriculture.
7. Auditor of Public Accounts.

II. Program cabinets headed by appointed officers:

1. Justice Cabinet:
  - (a) Department of State Police.
  - (b) Department of Criminal Justice Training.
  - (c) Department of Corrections.
  - (d) Department of Juvenile Justice.
  - (e) Office of the Secretary.

- (f) Offices of the Deputy Secretaries.
  - (g) Office of General Counsel.
  - (h) Division of Kentucky State Medical Examiners Office.
  - (i) Parole Board.
  - (j) Kentucky State Corrections Commission.
  - (k) Commission on Correction and Community Service.
2. Education, Arts, and Humanities Cabinet:
- (a) Department of Education.
    - (1) Kentucky Board of Education.
  - (b) Department for Libraries and Archives.
  - (c) Kentucky Arts Council.
  - (d) Kentucky Educational Television.
  - (e) Kentucky Historical Society.
  - (f) Kentucky Teachers' Retirement System Board of Trustees.
  - (g) Kentucky Center for the Arts.
  - (h) Kentucky Craft Marketing Program.
  - (i) Kentucky Commission on the Deaf and Hard of Hearing.
  - (j) Governor's Scholars Program.
  - (k) Governor's School for the Arts.
  - (l) Operations and Development Office.
  - (m) Kentucky Heritage Council.
  - (n) Kentucky African-American Heritage Commission.
  - (o) Board of Directors for the Center for School Safety.
3. Natural Resources and Environmental Protection Cabinet:
- (a) Environmental Quality Commission.
  - (b) Kentucky Nature Preserves Commission.
  - (c) Department for Environmental Protection.
  - (d) Department for Natural Resources.
  - (e) Department for Surface Mining Reclamation and Enforcement.
  - (f) Office of Legal Services.
  - (g) Office of Information Services.
  - (h) Office of Inspector General.
4. Transportation Cabinet:
- (a) Department of Highways.

1. Office of Program Planning and Management.
  2. Office of Project Development.
  3. Office of Construction and Operations.
  4. Office of Intermodal Programs.
  5. Highway District Offices One through Twelve.
- (b) Department of Vehicle Regulation.
  - (c) Department of Administrative Services.
  - (d) Department of Fiscal Management.
  - (e) Department of Rural and Municipal Aid.
  - (f) Department of Human Resources Management.
  - (g) Office of the Secretary.
  - (h) Office of General Counsel and Legislative Affairs.
  - (i) Office of Public Affairs.
  - (j) Office of Transportation Delivery.
  - (k) Office of Minority Affairs.
  - (l) Office of Policy and Budget.
  - (m) Office of Technology.
  - (n) Office of Quality.
  - (o) Office of the Transportation Operations Center.
5. Cabinet for Economic Development:
- (a) Department of Administration and Support.
  - (b) Department for Business Development.
  - (c) Department of Financial Incentives.
  - (d) Department of Community Development.
  - (e) Department for Regional Development.
  - (f) Tobacco Research Board.
  - (g) Kentucky Economic Development Finance Authority.
6. ***Environmental and*** Public Protection~~[and Regulation]~~ Cabinet:
- (a) Public Service Commission.
  - (b) Department of Insurance.
  - (c) Department of Housing, Buildings and Construction.
  - (d) Department of Financial Institutions.
  - (e) Department of Mines and Minerals.
  - (f) Department of Public Advocacy.

- (g) Department of Alcoholic Beverage Control.
  - (h) ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~.
  - (i) Board of Claims.
  - (j) Crime Victims Compensation Board.
  - (k) Kentucky Board of Tax Appeals.
  - (l)~~[Backside Improvement Commission]~~.
  - ~~(m)~~ Office of Petroleum Storage Tank Environmental Assurance Fund.
  - ~~(m)~~~~(n)~~ Department of Charitable Gaming.
  - ~~(n)~~~~(o)~~ Mine Safety Review Commission.
7. Cabinet for Families and Children:
- (a) Department for Community Based Services.
  - (b) Department for Disability Determination Services.
  - (c) Public Assistance Appeals Board.
  - (d) Office of the Secretary.
    - (1) Kentucky Commission on Community Volunteerism and Service.
  - (e) Office of the General Counsel.
  - (f) Office of Program Support.
  - (g) Office of Family Resource and Youth Services Centers.
  - (h) Office of Technology Services.
  - (i) Office of the Ombudsman.
  - (j) Office of Human Resource Management.
8. Cabinet for Health Services.
- (a) Department for Public Health.
  - (b) Department for Medicaid Services.
  - (c) Department for Mental Health and Mental Retardation Services.
  - (d) Kentucky Commission on Children with Special Health Care Needs.
  - (e) Office of Certificate of Need.
  - (f) Office of the Secretary.
  - (g) Office of the General Counsel.
  - (h) Office of the Inspector General.
  - (i) Office of Aging Services.
9. Finance and Administration Cabinet:
- (a) Office of Financial Management.
  - (b) Office of the Controller.

- (c) Department for Administration.
  - (d) Department of Facilities Management.
  - (e) State Property and Buildings Commission.
  - (f) Kentucky Pollution Abatement Authority.
  - (g) Kentucky Savings Bond Authority.
  - (h) Deferred Compensation Systems.
  - (i) Office of Equal Employment Opportunity Contract Compliance.
  - (j) Office of Capital Plaza Operations.
  - (k) County Officials Compensation Board.
  - (l) Kentucky Employees Retirement Systems.
  - (m) Commonwealth Credit Union.
  - (n) State Investment Commission.
  - (o) Kentucky Housing Corporation.
  - (p) Governmental Services Center.
  - (q) Kentucky Local Correctional Facilities Construction Authority.
  - (r) Kentucky Turnpike Authority.
  - (s) Historic Properties Advisory Commission.
  - (t) Kentucky Tobacco Settlement Trust Corporation.
  - (u) Eastern Kentucky Exposition Center Corporation.
  - (v) State Board for Proprietary Education.
10. Labor Cabinet:
- (a) Department of Workplace Standards.
  - (b) Department of Workers' Claims.
  - (c) Kentucky Labor-Management Advisory Council.
  - (d) Occupational Safety and Health Standards Board.
  - (e) Prevailing Wage Review Board.
  - (f) Workers' Compensation Board.
  - (g) Kentucky Employees Insurance Association.
  - (h) Apprenticeship and Training Council.
  - (i) State Labor Relations Board.
  - (j) Kentucky Occupational Safety and Health Review Commission.
  - (k) Office of Administrative Services.
  - (l) Office of Information Technology.
  - (m) Office of Labor-Management Relations and Mediation.

- (n) Office of General Counsel.
  - (o) Workers' Compensation Funding Commission.
  - (p) Employers Mutual Insurance Authority.
11. Revenue Cabinet:
- (a) Department of Property Valuation.
  - (b) Department of Tax Administration.
  - (c) Office of Financial and Administrative Services.
  - (d) Department of Law.
  - (e) Department of Information Technology.
  - (f) Office of Taxpayer Ombudsman.
12. Tourism Development Cabinet:
- (a) Department of Travel.
  - (b) Department of Parks.
  - (c) Department of Fish and Wildlife Resources.
  - (d) Kentucky Horse Park Commission.
  - (e) State Fair Board.
  - (f) Office of Administrative Services.
  - (g) Office of General Counsel.
  - (h) Tourism Development Finance Authority.
13. Cabinet for Workforce Development:
- (a) Department for Adult Education and Literacy.
  - (b) Department for Technical Education.
  - (c) Department of Vocational Rehabilitation.
  - (d) Department for the Blind.
  - (e) Department for Employment Services.
  - (f) Kentucky Technical Education Personnel Board.
  - (g) The Foundation for Adult Education.
  - (h) Department for Training and Reemployment.
  - (i) Office of General Counsel.
  - (j) Office of Communication Services.
  - (k) Office of Workforce Partnerships.
  - (l) Office of Workforce Analysis and Research.
  - (m) Office of Budget and Administrative Services.
  - (n) Office of Technology Services.

- (o) Office of Quality and Human Resources.
- (p) Unemployment Insurance Commission.
- 14. Personnel Cabinet:
  - (a) Office of Administrative and Legal Services.
  - (b) Department for Personnel Administration.
  - (c) Department for Employee Relations.
  - (d) Kentucky Public Employees Deferred Compensation Authority.
  - (e) Kentucky Kare.
  - (f) Division of Performance Management.
  - (g) Division of Employee Records.
  - (h) Division of Staffing Services.
  - (i) Division of Classification and Compensation.
  - (j) Division of Employee Benefits.
  - (k) Division of Communications and Recognition.
  - (l) Office of Public Employee Health Insurance.

III. Other departments headed by appointed officers:

- 1. Department of Military Affairs.
- 2. Council on Postsecondary Education.
- 3. Department for Local Government.
- 4. Kentucky Commission on Human Rights.
- 5. Kentucky Commission on Women.
- 6. Department of Veterans' Affairs.
- 7. Kentucky Commission on Military Affairs.
- 8. The Governor's Office for Technology.
- 9. Commission on Small Business Advocacy.
- 10. Education Professional Standards Board.

Section 2. KRS 230.210 is amended to read as follows:

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

- (1) "Association" means any person licensed by the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ under KRS 230.300 and engaged in the conduct of a recognized horse race meeting;
- (2) "***Authority***~~[Commission]~~" means the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~;
- (3)~~["Commissioner" means a commissioner of the Kentucky Racing Commission;~~

- (4)} "Thoroughbred race or thoroughbred racing" means a form of horse racing in which each horse participating in the race is a thoroughbred, (i.e., meeting the requirements of and registered with The Jockey Club of New York) and is mounted by a jockey;
- (4){(5)} "Harness race" or "harness racing" means trotting and pacing races of the standardbred horses;
- (5){(6)} "Appaloosa race or Appaloosa racing" means that form of horse racing in which each horse participating in the race is registered with the Appaloosa Horse Club of Moscow, Idaho, and is mounted by a jockey;
- (6){(7)} "Horse race meeting" means horse racing run at an association licensed and regulated by the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~, and may include thoroughbred, harness, and quarter horse racing;
- (7){(8)} "Quarter horse" means a horse that is registered with the American Quarter Horse Association of Amarillo, Texas;
- (8){(9)} "Arabian" means a horse that is registered with the Arabian Horse Registry of Denver, Colorado;
- (9){(10)} "Track" means any association duly licensed by the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ to conduct horse racing. "Track" shall include any facility or real property that is owned, leased, or purchased by a track within the same geographic area within a sixty (60) mile radius of a track but not contiguous to track premises, upon ***authority***~~[commission]~~ approval, and provided the noncontiguous property is not within a sixty (60) mile radius of another licensed track premise where live racing is conducted and not within a forty (40) mile radius of a simulcast facility, unless any affected track or simulcast facility agrees in writing to permit a noncontiguous facility within the protected geographic area;
- (10){(11)} "Simulcast facility" means any facility approved pursuant to the provisions of KRS 230.380 to simulcast racing and conduct pari-mutuel wagering;
- (11){(12)} "Simulcasting" means the telecast of live audio and visual signals of horse races for the purpose of pari-mutuel wagering;
- (12){(13)} "Intertrack wagering" means pari-mutuel wagering on simulcast horse races from a host track by patrons at a receiving track;
- (13){(14)} "Interstate wagering" means pari-mutuel wagering on simulcast horse races from a track located in another state or foreign country by patrons at a receiving track or simulcast facility;
- (14){(15)} "Host track" means the track conducting racing and offering its racing for intertrack wagering, or, in the case of interstate wagering, means the Kentucky track conducting racing and offering simulcasts of races conducted in other states or foreign countries;
- (15){(16)} "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;



- (16)~~(17)~~ "Telephone account wagering" means a form of pari-mutuel wagering where an individual may deposit money in an account at a track and may place a wager by direct telephone call or by communication through other electronic media owned by the holder of the account to the track; and
- (17)~~(18)~~ "Principal" means any of the following individuals associated with a partnership, trust, association, limited liability company, or corporation that is licensed to conduct a horse race meeting or an applicant for a license to conduct a horse race meeting:
- (a) The chairman and all members of the board of directors of a corporation;
  - (b) All partners of a partnership and all participating members of a limited liability company;
  - (c) All trustees and trust beneficiaries of an association;
  - (d) The president or chief executive officer and all other officers, managers, and employees who have policy-making or fiduciary responsibility within the organization;
  - (e) All stockholders or other individuals who own, hold, or control, either directly or indirectly, ten percent (10%) or more of stock or financial interest in the collective organization; and
  - (f) Any other employee, agent, guardian, personal representative, or lender or holder of indebtedness who has the power to exercise a significant influence over the applicant's or licensee's operation.
- (18)~~(19)~~ "Kentucky Quarter Horse Purse Program" means a purse program established to receive funds from the *authority*~~commission~~ for purse programs established in KRS 230.3771(4) to supplement purses for quarter horse races. The purse program shall be administered by the Kentucky Quarter Horse Racing Association.

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

- (1) The *Kentucky Horse Racing Authority*~~[Kentucky Racing Commission]~~ is created as an independent agency of state government to regulate the conduct of horse racing and pari-mutuel wagering on horse racing, *and related activities* within the Commonwealth of Kentucky. *The authority shall be attached to the Environmental and Public Protection Cabinet for administrative purposes*~~[Any program or activity previously subject to the jurisdiction of the Kentucky State Racing Commission or the Kentucky Harness Racing Commission shall be subject to the jurisdiction of the Kentucky Racing Commission on March 30, 1992].~~
- (2) The *Kentucky Horse Racing Authority shall consist of thirteen (13) members*~~[Kentucky Racing Commission shall consist of eleven (11) commissioners]~~ appointed by the Governor, *with the secretaries of the Environmental and Public Protection Cabinet, Commerce Cabinet, and Economic Development Cabinet serving as ex officio, nonvoting members. Two (2) members shall have no financial interest in the business or industry regulated. The members of the authority shall be appointed to serve for a term of three (3) years except, of the members initially appointed, four (4) shall serve for a term of three (3) years, five (5) shall serve for a term of two (2) years, and four (4) shall serve for a term of one (1) year. Any member appointed to fill a vacancy occurring other than by expiration of a term shall be appointed for the remainder of the unexpired term.* In making appointments, the Governor *may consider*~~[shall secure broad representation within the~~

horse industry, to include appointment of seven (7) members broadly representative of the thoroughbred industry and three (3) members broadly representative of the standardbred, quarter horse, Appaloosa, or Arabian industries. **The Governor may also consider recommendations from** Recommendations for appointments to the commission shall be sought from various industry groups, to include the Kentucky Thoroughbred Owners and Breeders, Inc., the Kentucky Division of the Horsemen's Benevolent and Protective Association, the Kentucky Harness Horsemen's Association, and other interested organizations. An additional commissioner shall be appointed by the Governor, with this appointee having no financial interest in the business or industry regulated. For initial appointments three (3) members shall be appointed for one (1) year terms, three (3) for two (2) year terms, three (3) for three (3) year terms, and two (2) for four (4) year terms. Thereafter, all commissioners appointed by the Governor shall serve a term of four (4) years or until their successors are appointed and duly qualified. Any vacancy on the commission shall be filled pursuant to the requirements and procedures for original appointments.

- (3) **Members of the authority** Commissioners shall receive fifty dollars (\$50) per day for each meeting attended and shall be reimbursed for all expenses paid or incurred in the discharge of official business. The Governor shall **appoint one (1) member of the authority to serve as its chairperson who shall serve at the pleasure of the Governor. The Governor shall further designate a second member to serve as vice chair with authority to act in the absence of the chairperson** designate one (1) of the commissioners as chairman and the commission shall elect one (1) of its members as vice chairman. Before entering upon the discharge of their duties, **all members of the Kentucky Horse Racing Authority** each commissioner shall take the constitutional oath of office.
- (4) The **authority** commission shall establish and maintain a general office for the transaction of its business and may in its discretion establish a branch office or offices. The **authority** commission may hold meetings at any of its offices or at any other place when the convenience of the **authority** commission requires. All meetings of the **authority** commission shall be open and public, and all persons shall be permitted to attend meetings. A majority of the **authority** commission shall constitute a quorum for the transaction of its business or exercise of any of its powers.
- (5) The duly-promulgated administrative regulations of the **Kentucky Horse Racing Authority** Kentucky State Racing Commission and the Kentucky Harness Racing Commission, in effect as of **January 6, 2004** March 30, 1992, shall remain in effect as the initial regulations of the **Kentucky Horse Racing Authority** Kentucky Racing Commission until revoked or modified by the **authority** commission.
- (6) All licenses approved by, and dates awarded by, the **Kentucky Horse Racing Authority** respective commissions shall remain in effect through December 31, **2004** 1992.
- (7) **Except as otherwise provided, the authority shall be responsible for the following:**
  - (a) **Developing programs and procedures for oversight and regulation of horse racing matters, including but not limited to race day medications;**
  - (b) **Recommending tax incentives and other options to promote the strength and growth of the thoroughbred industry and to preserve the economic viability of Kentucky's horse farms;**

- (c) *Designing and implementing programs that strengthen the ties between Kentucky's horse industry and the state's universities, with the goal of increasing the horse industry's impact on the state's economy;*
- (d) *Developing and supporting programs which ensure that Kentucky remains a national leader in equine research; and*
- (e) *Developing and implementing programs that promote Kentucky's horse and tourism industry.*

Section 4. KRS 230.230 is amended to read as follows:

- (1) The Governor shall appoint an executive director *who shall serve at the pleasure of the Governor. The Governor shall set the qualifications and salary for the position of executive director pursuant to KRS 64.640*~~[for the commission for a term of four (4) years who may be removed in the same manner as a commissioner].~~ The executive director shall possess the powers and perform the duties imposed upon him by *the Governor*~~[this chapter]~~, and other duties as the *authority*~~[commission]~~ may direct or prescribe. *The executive director shall:*
  - (a) *Be responsible for the day-to-day operations of the authority;*
  - (b) *Set up appropriate organizational structures and personnel policies for approval by the authority;*
  - (c) *Appoint all staff;*
  - (d) *Prepare annual reports of the authority's program of work;*
  - (e) *Carry out policy and program directives of the authority;*
  - (f) *Prepare and submit to the authority for its approval the proposed biennial budget of the authority; and*
  - (g) *Perform all other duties and responsibilities assigned by law.*

The executive director shall cause to be kept a full record of all proceedings before the *authority*~~[commission]~~ and shall preserve at its general office all books, maps, records, documents, licenses, and other papers of the *authority*~~[commission]~~. All records of the *authority*~~[commission]~~ shall be open to inspection by the public during regular office hours. *With approval of the authority, the executive director may enter into agreements with any state agency or political subdivision of the state, any postsecondary education institution, or any other person or entity to enlist assistance to implement the duties and responsibilities of the authority.*

- (2) The~~[chairman and the]~~ executive director of the *authority*~~[commission]~~ may employ, dismiss, or take other personnel action concerning an assistant executive director, stenographers, clerks, and other personnel as *he or she*~~[they]~~ may deem necessary to efficiently operate the *authority's*~~[commission's]~~ general office or any branch thereof. The~~[chairman and the]~~ executive director of the *authority*~~[commission]~~ shall fix the compensation of all employees. Any member of the *authority*~~[commission, the executive director,]~~ or any employee referred to in this section shall be reimbursed for expenses paid or incurred in the discharge of official business when approved by the~~[chairman or]~~ executive director of the *authority*~~[commission]~~. The compensation of the employees referred to in this section, except for the executive director, together with reimbursement of

expenses incurred by employees, a member of the **authority**~~[commission]~~, or the executive director, shall be paid from **authority**~~[commission]~~ funds.

Section 5. KRS 230.240 is amended to read as follows:

- (1) In addition to the employees referred to in KRS 230.230,~~[the chairman and]~~ the executive director of the **authority**~~[commission]~~ may employ, dismiss, or take other personnel action and determine the reasonable compensation of stewards, supervisors of mutuels, veterinarians, inspectors, accountants, security officers, and other employees deemed by~~[the chairman or]~~ the executive director to be essential at or in connection with any horse race meeting and in the best interest of racing. The security officers shall be peace officers and conservators of the peace on **authority**~~[commission]~~ property and at all race tracks and grounds in the Commonwealth and shall possess all the common law and statutory powers and privileges now available or hereafter made available to sheriffs, constables, and police officers for the purpose of enforcing all laws relating directly or indirectly to the conduct of horse racing and pari-mutuel wagering thereon, or the enforcement of laws relating to the protection of persons or property on premises licensed by the **authority**~~[commission]~~. The **authority**~~[commission]~~ for the purpose of maintaining integrity and honesty in racing, shall prescribe by administrative regulation the powers and duties of the persons employed under this section and qualifications necessary to competently perform their duties. In addition, the **authority**~~[commission]~~ shall be responsible for seeing that racing officials employed under the provisions of this section have adequate training to perform their duties in a competent manner.
- (2) The **authority**~~[commission]~~ shall promulgate administrative regulations for effectively preventing the use of improper devices, and restricting or prohibiting the use and administration of drugs or stimulants or other improper acts to horses prior to the horse participating in a race. The **authority**~~[commission]~~ may acquire, operate, and maintain, or contract for the maintenance and operation of, a testing laboratory and related facilities, for the purpose of saliva, urine, or other tests, and to purchase supplies and equipment for and in connection with the laboratory or testing processes. The expense of the laboratory or other testing processes, whether furnished by contract or otherwise, together with all supplies and equipment used in connection therewith, shall be paid by the various associations licensed under this chapter in the manner and in proportions as the **authority**~~[commission]~~ shall by administrative regulation provide.
- (3) The compensation of the employees referred to in this section shall be paid by the licensee conducting the horse race meeting in connection with which the employees are utilized or employed. The salary of the executive director to the **authority**~~[commission]~~ shall be prorated among and paid by the various associations licensed under this chapter in the manner as the **authority**~~[commission]~~ shall, by administrative regulation, provide. The employees referred to in this section shall be deemed employees of the **authority**~~[commission]~~, and are paid by the licensee or association for convenience only.
- (4) Each person, as a condition precedent to the privilege of receiving a license under this chapter to conduct a horse race meeting, shall be deemed to have agreed to pay expenses and compensation as provided in this section and as may be actually and reasonably incurred.

Section 6. KRS 230.250 is amended to read as follows:

When requested by the **authority**~~[commission]~~, the Attorney General of Kentucky, or ~~an~~~~[such]~~ assistant Attorney General as he *or she* may designate, shall, without additional compensation, advise the **authority**~~[commission]~~ and represent it in all legal proceedings.

Section 7. KRS 230.260 is amended to read as follows:

The **authority**~~[commission]~~, in the interest of breeding or the improvement of breeds of horses, shall have all powers necessary and proper to carry out fully and effectually the provisions of this chapter including, but without limitation, the following:

- (1) The **authority**~~[commission]~~ is vested with jurisdiction and supervision over all horse race meetings in this Commonwealth and over all associations and all persons on association grounds and may eject or exclude therefrom or any part thereof, any person, licensed or unlicensed, whose conduct or reputation is such that his presence on association grounds may, in the opinion of the **authority**~~[commission]~~, reflect on the honesty and integrity of horse racing or interfere with the orderly conduct of horse racing or racing at horse race meetings; provided, however, no persons shall be excluded or ejected from association grounds solely on the ground of race, color, creed, national origin, ancestry, or sex;
- (2) The **authority**~~[commission]~~, its representatives and employees, may visit, investigate and have free access to the office, track, facilities, or other places of business of any licensee for the purpose of satisfying itself that this chapter and its administrative regulations are strictly complied with;
- (3) The **authority**~~[commission]~~ shall have full authority to prescribe necessary and reasonable administrative regulations and conditions under which horse racing at a horse race meeting shall be conducted in this state and to fix and regulate the minimum amount of purses, stakes, or awards to be offered for the conduct of any horse race meeting;
- (4) Applications for licenses shall be made in the form, in the manner, and contain information as the **authority**~~[commission]~~ may, by administrative regulation, require. Fees for all licenses issued under KRS 230.310 shall be prescribed by and paid to the **authority**~~[commission]~~;
- (5) The **authority**~~[commission]~~ shall establish by administrative regulation minimum fees for jockeys to be effective in the absence of a contract between an employing owner or trainer and a jockey. The minimum fees shall be no less than those of July 1, 1985;
- (6) Any of the foregoing administrative regulations, to the extent they are promulgated, shall be promulgated, amended, or repealed in conformity with KRS Chapter 13A;
- (7) The **authority**~~[commission]~~ may issue subpoenas for the attendance of witnesses before it and administer oaths to witnesses whenever, in the judgment of the **authority**~~[commission]~~, it is necessary to do so for the effectual discharge of its duties;
- (8) The **authority**~~[commission]~~ shall have authority to compel any racing association licensed under this chapter to file with the **authority**~~[commission]~~ at the end of its fiscal year, a balance sheet, showing assets and liabilities, and an earnings statement, together with a list of its stockholders or other persons holding a beneficial interest in the association;
- (9) The **authority**~~[commission]~~ shall promulgate administrative regulations establishing safety standards for jockeys, which shall include the use of rib protection equipment. Rib protection equipment shall not be included in a jockey's weight.

Section 8. KRS 230.270 is amended to read as follows:

The **authority**~~[commission]~~ shall biennially make a full report to the General Assembly of its proceedings for the two-year period ending December 31~~[1]~~ preceding the meeting of the General Assembly and may embody in the report such suggestions and recommendations as it deems desirable.

Section 9. KRS 230.280 is amended to read as follows:

- (1) No person shall hold or conduct any horse race meeting for any stake, purse, or reward within the Commonwealth of Kentucky without securing the required license from the **authority**~~[commission]~~.
- (2) The **authority**~~[commission]~~ shall investigate the qualifications of each applicant for a license to conduct a horse race meeting or the renewal of a license to conduct a horse race meeting. The **authority**~~[commission]~~ may issue or renew a license unless the **authority**~~[commission]~~ determines that:
  - (a) The track location, traffic flow, facilities for the public, and facilities for racing participants and horses do not meet state code or are otherwise inadequate to protect the public health and safety;
  - (b) The racing dates and times requested conflict with another race meeting of the same breed of horse;
  - (c) The financing or proposed financing of the entire operation is not adequate for the operation or is from an unsuitable source;
  - (d) The applicant or licensee has failed to disclose or has misstated information or otherwise attempted to mislead the **authority**~~[commission]~~ with respect to any material fact contained in the application for the issuance or renewal of the license;
  - (e) The applicant has knowingly failed to comply with the provision of this chapter or any administrative regulations promulgated thereunder;
  - (f) Any of the principals of the applicant or licensee is determined to be unsuitable because he or she has:
    1. Been convicted of any crime of moral turpitude, embezzlement, or larceny, or any violation of any law pertaining to illegal gaming or gambling, or any crime that is inimical to the declared policy of the Commonwealth of Kentucky with regard to horse racing and pari-mutuel wagering thereon;
    2. Been convicted in any jurisdiction within ten (10) years preceding initial licensing or license renewal of any crime that is or would be a felony or class A misdemeanor in the Commonwealth of Kentucky;
    3. Been identified in the published reports of any federal or state legislative or executive body as being a member or associate of organized crime, or of being of notorious or unsavory reputation;
    4. Been placed and remains in the custody of any federal, state, or local law enforcement authority;
    5. Had a racing or gaming license revoked in another jurisdiction on grounds that would have been grounds for revoking the license in Kentucky; or
    6. Engaged in any other activities that would pose a threat to the public interest or to the effective regulation of horse racing and wagering in Kentucky, or enhance

the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of racing and wagering or in the operation of the business and financial arrangements incidental thereto; or

- (g) The applicant or licensee has had a racing or gaming license denied or revoked in another jurisdiction on grounds that would be grounds for license denial or revocation in Kentucky.

Section 10. KRS 230.290 is amended to read as follows:

All licenses granted under this chapter:

- (1) Shall be in writing;
- (2) Shall be subject to all administrative regulations and conditions as may from time to time be prescribed by the **authority**~~{commission}~~;
- (3) Shall contain conditions as may be considered necessary or desirable by the **authority**~~{commission}~~ for purposes of this chapter; and
- (4) No license shall extend beyond the end of the calendar year for which it was issued, but the **authority**~~{commission}~~ may renew any license and any renewal shall not be construed to be a waiver or condonement of any violation which occurred prior to renewal and shall not prevent subsequent proceedings against the licensee therefor.

Section 11. KRS 230.300 is amended to read as follows:

- (1) Any person desiring to conduct horse racing at a horse race meeting within the Commonwealth of Kentucky or to engage in simulcasting and intertrack wagering as a receiving track during any calendar year shall first apply to the **authority**~~{commission}~~ for a license to do so. The application shall be filed at the **authority's**~~{commission's}~~ general office on or before October 1 of the preceding year with respect to applications to conduct live horse race meetings, and with respect to intertrack wagering dates, and on forms prescribed by the **authority**~~{commission}~~. The application shall include the following information:
  - (a) The full name and address of the person making application;
  - (b) The location of the place, track, or enclosure where the applicant proposes to conduct horse racing meetings;
  - (c) The dates on which the applicant intends to conduct horse racing, which shall be successive days unless authorized by the **authority**~~{commission}~~;
  - (d) The proposed hours of each racing day and the number of races to be conducted;
  - (e) The names and addresses of all principals associated with the applicant or licensee;
  - (f) The type of organizational structure under which the applicant operates, i.e., partnership, trust, association, limited liability company, or corporation, and the address of the principal place of business of the organization;
  - (g) Any criminal activities in any jurisdiction for which any individual listed under paragraphs (a) and (e) has been arrested or indicted and the disposition of the charges, and any current or on-going criminal investigation of which any of these individuals is the subject; and

- (h) Any other information that the **authority**~~[commission]~~ by administrative regulation deems relevant and necessary to determine the fitness of the applicant to receive a license, including fingerprints of any individual listed under paragraphs (a) and (e), if necessary for proper identification of the individual or a determination of suitability to be associated with a licensed racing association.
- (2) An application for license shall be accompanied by the following documents:
- (a) For a new license applicant, a financial statement prepared and attested to by a certified public accountant in accordance with generally accepted accounting principles, showing the following:
    - 1. The net worth of the applicant;
    - 2. Any debts or financial obligations owed by the applicant and the persons to whom owed; and
    - 3. The proposed or current financing structure for the operation and the sources of financing.
  - (b) For a license renewal applicant, an audited financial statement for the prior year;
  - (c) A copy of the applicant's federal and state tax return for the previous year. Tax returns submitted in accordance with this provision shall be treated as confidential;
  - (d) A statement from the Revenue Cabinet that there are no delinquent taxes or other financial obligations owed by the applicant to the state or any of its agencies or departments;
  - (e) A statement from the county treasurer of the county in which the applicant conducts or proposes to conduct horse racing meetings that there are no delinquent real or personal property taxes owed by the applicant.
- (3) The completed application shall be signed by the applicant or the chief executive officer if the applicant is an organization, sworn under oath that the information is true, accurate, and complete, and the application shall be notarized.
- (4) If there is any change in any information submitted in the application process, the applicant or licensee shall notify the **authority**~~[commission]~~ within thirty (30) days of the change.
- (5) The **authority**~~[commission]~~ shall as soon as practicable, but in no event later than November 1 in any calendar year award dates for racing in the Commonwealth during the next year. In awarding dates, the **authority**~~[commission]~~ shall consider and seek to preserve each track's usual and customary dates, as these dates are requested. If dates other than the usual and customary dates are requested, the applicant shall include a statement in its application setting forth the reasons the requested dates are sought. Dates for the conduct of intertrack wagering shall be awarded as provided in KRS 230.377. In the event scheduled racing is canceled by reason of flood, fire, inclement weather, or other natural disaster or emergency, the **authority**~~[commission]~~ may award after November 1 additional racing dates to make up for those dates canceled.
- (6) The **authority**~~[commission]~~ may issue a license to conduct a horse race meeting to any association making the aforesaid application if the applicant meets the requirements established in KRS 138.530 and other applicable provisions of this chapter, and if the **authority**~~[commission]~~ finds that the proposed conduct of racing by the association would



be in the best interest of the public health, safety, and welfare of the immediate community as well as to the Commonwealth.

- (7) As a condition precedent to the issuance of a license, the **authority**~~[commission]~~ may require a surety bond or other surety conditioned upon the payment of all taxes due the Commonwealth, together with the payment of operating expenses including purses and awards to owners of horses participating in races.
- (8) Every license issued under this chapter shall specify among other things the name of the person to whom issued, the address and location of the track where the horse race meeting to which it relates is to be held or conducted, and the days and hours of the day when the meeting will be permitted; provided, however, that no track that is granted overlapping dates for the conduct of a live race meeting with another horse racing track within a fifty (50) mile radius shall be permitted to have a post time after 5:30 p.m., prevailing time for overlapping days between July 1 and September 15, unless agreed to in writing by the tracks affected.
- (9) A license issued under this section is neither transferable nor assignable and shall not permit the conduct of a horse race meeting at any track not specified therein. However, if the track specified becomes unsuitable for racing because of flood, fire, or other catastrophe, the **authority**~~[commission]~~ may, upon application, authorize the meeting, or any remaining portion thereof, to be conducted at any other suitable track available for that purpose, provided that the owner of the track willingly consents to the use thereof.
- (10) Horse racing dates may be awarded and licenses issued authorizing horse racing on any day of the year. Horse racing shall be held or conducted only between sunrise and midnight.
- (11) The **authority**~~[commission]~~ may at any time require the removal of any official or employee of any association in those instances where it has reason to believe that the official or employee has been guilty of any dishonest practice in connection with horse racing or has failed to comply with any condition of his license or has violated any law or any administrative regulation of this **authority**~~[commission]~~.
- (12) Every horse race not licensed under this section is hereby declared to be a public nuisance and the **authority**~~[commission]~~ may obtain an injunction against the same in the Circuit Court of the county where the unlicensed race is proposed to take place.

Section 12. KRS 230.310 is amended to read as follows:

Every person not required to be licensed under KRS 230.300 who desires to participate in horse racing in the Commonwealth as a horse owner, trainer, jockey, apprentice jockey, agent, stable employee, racing official, association employee, or employee of a person or concern contracting with the association to provide a service or commodity and which requires their presence on association grounds during a race meeting, or veterinarian, farrier, horse dentist, or supplier of food, tack, medication, or horse feed, shall first apply to the **authority**~~[commission]~~ for a license to participate in the activity on association grounds during a race meeting. No person required to be licensed by this section may participate in any activity required to be licensed on association grounds during a race meeting without a valid license therefor. An applicant for a license shall submit to the **authority**~~[commission]~~ fingerprints as may be required and other information necessary and reasonable for processing a license application. The **authority**~~[commission]~~ is authorized to exchange fingerprint data with the Kentucky State Police and the Federal Bureau of Investigation in order to conduct a criminal history background check of an applicant. The **authority**~~[commission]~~ may issue a license if it finds that the financial responsibility, age,

experience, reputation, competence, and general fitness of the applicant to perform the activity permitted by a license, are consistent with the best interest of racing and the maintenance of the honesty, integrity, and high quality thereof. A license shall be issued for the calendar year in which it is issued and may be renewed by the **authority**~~[commission]~~. 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 **authority**~~[commission]~~ under this chapter. With respect to horse owners and trainers, the **authority**~~[commission]~~ may promulgate administrative regulations to facilitate and promote uniform, reciprocal licensing with other states.

Section 13. KRS 230.320 is amended to read as follows:

- (1) Every license granted under this chapter is subject to denial, revocation, or suspension by the **authority**~~[commission]~~ in any case where it has reason to believe that any provision of this chapter, administrative regulation, or condition of the **authority**~~[commission]~~ affecting it has not been complied with or has been broken or violated. The **authority**~~[commission]~~ in the interest of honesty and integrity of horse racing may promulgate administrative regulations under which any license may be denied, suspended, or revoked.
- (2) Following an informal hearing by the stewards, any licensee alleged to have committed a violation under subsection (1) of this section may request a stay of imposition of the stewards' decision. Pending appeal, a hearing on the request for stay shall be held within forty-eight (48) hours of the receipt of the request for a stay by the **authority**~~[commission]~~. If the **authority**~~[commission]~~ is not able to hold a hearing within forty-eight (48) hours, the stay shall be automatically granted. It shall be the policy of the **authority**~~[commission]~~ to grant stays, unless:
  - (a) A licensee is alleged to have committed a flagrant violation of the duly-promulgated administrative regulations of racing which presents a clear and present danger to the immediate integrity of racing; and
  - (b) It is impossible for the **authority**~~[commission]~~ to secure necessary scientific evidence or indispensable witnesses within forty-eight (48) hours,

then the **authority**~~[commission]~~ or its designated hearing officer may refuse a request for the stay of any penalty imposed, as long as a hearing is held no later than thirty (30) days from the initial stewards' determination of a violation.

- (3) If any license is denied, suspended, or revoked after an informal hearing by the stewards or by the **authority**~~[commission]~~ acting on a complaint or by its own volition, the **authority**~~[commission]~~ shall grant the applicant or licensee the right to appeal the decision, and upon appeal, an administrative hearing shall be conducted in accordance with KRS Chapter 13B.

Section 14. KRS 230.330 is amended to read as follows:

Any licensee or any applicant aggrieved by any final order of the **authority**~~[commission]~~ may appeal to the Franklin Circuit Court in accordance with KRS Chapter 13B.

Section 15. KRS 230.350 is amended to read as follows:

- (1) Any person licensed by this **authority**~~[commission]~~ under KRS 230.300 may be issued a license by the Alcoholic Beverage Control Board and may hold a distilled spirits and wine special temporary license and malt beverage special temporary license as provided in KRS 243.260 and 243.290. The licenses, and each of them, when issued shall be valid and

effective only upon premises licensed by this **authority**~~[commission]~~ and upon the dates and hours for which racing or intertrack wagering has been authorized by this **authority**~~[commission]~~. A temporary license may be issued for the period the racing or intertrack wagering has been authorized, even if the period exceeds the thirty (30) days as provided in KRS 243.260 and 243.290.

- (2) Other provisions of the Kentucky Revised Statutes notwithstanding, in a county containing a city of the third or fourth class, a limited sale precinct election may be held in any precinct containing a licensed racing association. The election shall be conducted in the same manner as provided for in KRS 242.1292. Upon approval of the proposition, a license shall be issued in accordance with subsection (1) of this section. Nothing in this section shall be construed as authorizing the issuance of any alcoholic beverage licenses other than for the premises of a licensed racing association pursuant to KRS 243.260 and 243.290.

Section 16. KRS 230.361 is amended to read as follows:

- (1) The **authority**~~[commission]~~ shall promulgate administrative regulations governing and regulating mutuel wagering on horse races under what is known as the pari-mutuel system of wagering. The wagering shall be conducted only by a person licensed under this chapter to conduct a race meeting and only upon the licensed premises. The pari-mutuel system of wagering shall be operated only by a totalizator or other mechanical equipment approved by the **authority**~~[commission]~~. The **authority**~~[commission]~~ shall not require any particular make of equipment.
- (2) The operation of a pari-mutuel system for betting where authorized by law shall not constitute grounds for the revocation or suspension of any license issued and held under KRS 230.350.
- (3) All reported but unclaimed pari-mutuel winning tickets held in this state by any person or association operating a pari-mutuel or similar system of betting at horse race meetings shall be presumed abandoned if not claimed by the person entitled to them within one (1) year from the time the ticket became payable.
- (4) The **authority**~~[commission]~~ may issue a license to conduct pari-mutuel wagering on steeple chases or other racing over jumps; if all proceeds from the wagering, after expenses are deducted, is used for charitable purposes. If the dates requested for such a license have been granted to a track within a forty (40) mile radius of the race site, the **authority**~~[commission]~~ shall not issue a license until it has received written approval from the affected track. Pari-mutuel wagering licensed and approved under this subsection shall be limited to four (4) days per year. All racing and wagering authorized by this subsection shall be conducted in accordance with applicable administrative regulations promulgated by the **authority**~~[commission]~~.

Section 17. KRS 230.3615 is amended to read as follows:

- (1) The commission, including the tax levied in KRS 138.510, deducted from the gross amount wagered by the association which operates a race track under the jurisdiction of the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~ and conducts the thoroughbred racing at which betting is conducted through a pari-mutuel or other similar system, in races where the patron is required to select one (1) horse, and the breaks, which breaks shall be made and calculated to the dime, shall not be more than sixteen percent (16%) at the discretion of those tracks averaging over one million two hundred thousand dollars (\$1,200,000) in on-track pari-mutuel handle per day of live racing conducted by the

association. The commission at those tracks averaging one million two hundred thousand dollars (\$1,200,000) or less in on-track pari-mutuel handle per day of live racing conducted by the association, at the discretion of such track, shall not be more than seventeen and one-half percent (17.5%) in races where the patron is required to select one (1) horse, and the breaks, which breaks shall be made and calculated to the dime.

- (2) The commission at those tracks averaging over one million two hundred thousand dollars (\$1,200,000) in on track pari-mutuel handle per day of live racing conducted by the association, including the tax levied in KRS 138.510, deducted from the gross amount wagered by the person, corporation, or association which operates a race track under the jurisdiction of the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ and conducts thoroughbred racing at which betting is conducted through a pari-mutuel or other similar system shall not exceed nineteen percent (19%) of the gross handle in races where the patron is required to select two (2) or more horses, and the breaks, which breaks shall be made and calculated to the dime. The commission, at those tracks averaging one million two hundred thousand dollars (\$1,200,000) or less in on track pari-mutuel handle per day of live racing conducted by the association, including the tax levied in KRS 138.510, deducted from the gross amount wagered by the association which operates a race track under the jurisdiction of the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ and conducts thoroughbred racing at which betting is conducted through a pari-mutuel or other similar system shall not exceed twenty-two percent (22%) of the gross handle in races where the patron is required to select two (2) or more horses, and the breaks, which breaks shall be made and calculated to the dime.
- (3) The minimum wager to be accepted by any licensed association may be one dollar (\$1). The minimum pay-off on a one dollar (\$1) wager shall be one dollar and ten cents (\$1.10); but, in the event of a minus pool, the minimum pay-off for a one dollar (\$1) wager shall be one dollar and five cents (\$1.05).
- (4) Each association conducting thoroughbred racing and averaging one million two hundred thousand dollars (\$1,200,000) or less in on-track pari-mutuel handle per day of live racing conducted by the association shall pay to ***the authority all moneys allocated to*** the backside improvement fund ***in*** an amount equal to one-half of one percent (0.5%) of its on-track pari-mutuel wagers.

Section 18. KRS 230.362 is amended to read as follows:

Any person holding unclaimed pari-mutuel winning tickets presumed abandoned under the provisions of KRS 230.361 shall file annually, on or before September 1 of each year, with the office of the ***authority***~~[commission]~~ a list of and the amounts represented by unclaimed pari-mutuel tickets held by such person as of July 1, and other information as the ***authority***~~[commission]~~ may require for the administration of KRS 230.361 to 230.373. The report shall be made in duplicate; the original shall be retained by the ***authority***~~[commission]~~ and the copy shall be mailed to the sheriff of the county where the unclaimed pari-mutuel tickets are held. It shall be the duty of the sheriff to post for not less than twenty (20) consecutive days a copy of the report on the courthouse door or the courthouse bulletin board, and to publish the copy in the manner set forth by KRS Chapter 424. The cost of the publication shall be paid by the ***authority***~~[commission]~~. The sheriff shall immediately certify in writing to the ***authority***~~[commission]~~ the dates when the list was posted and published. The list shall be posted and published as required on or before October 1 of the year when it is made, and such posting

and publishing shall be constructive notice to all holders of pari-mutuel tickets which have remained unclaimed for a period of one (1) year from the time the ticket became payable.

Section 19. KRS 230.363 is amended to read as follows:

Any person who has made a report of unclaimed pari-mutuel tickets to the **authority**~~[commission]~~ as required by KRS 230.362, shall between November 1 and November 15 of each year, turn over to the **authority**~~[commission]~~ the sum represented by the unclaimed pari-mutuel tickets so reported; but if the person making the report or the owner of the unclaimed pari-mutuel ticket certifies to the **authority**~~[commission]~~ by sworn statement that any or all of the statutory conditions necessary to create a presumption of abandonment no longer exists or never did exist, or shall certify existence of any fact or circumstance in which there is substantial evidence to rebut such presumption, then, the person reporting the unclaimed pari-mutuel tickets or holding the sum represented by the unclaimed pari-mutuel tickets as reported shall not be required to turn over said sum to the **authority**~~[commission]~~ except upon order of court. If the holder of any unclaimed pari-mutuel ticket files an action in court claiming the sum which has been reported under the provisions of KRS 230.362, the person reporting or holding the sum represented by said unclaimed pari-mutuel ticket shall be under no duty while any such action is pending to turn over said sum to the **authority**~~[commission]~~, but shall have the duty of notifying the **authority**~~[commission]~~ of the pendency of such action.

Section 20. KRS 230.364 is amended to read as follows:

Any person holding an unclaimed pari-mutuel ticket or any person holding the sum represented by an unclaimed pari-mutuel ticket, or any claimant thereto shall have the right to a judicial determination of his rights under KRS 230.361 to 230.373 and nothing therein shall be construed otherwise; and the **authority**~~[commission]~~ may institute an action to recover the sum represented by the unclaimed pari-mutuel tickets which are presumed abandoned whether said sum has been reported or not and may include in one (1) petition the sum represented by all the unclaimed pari-mutuel tickets as defined herein within the jurisdiction of the court in which the action is brought.

Section 21. KRS 230.365 is amended to read as follows:

Any person who pays the sum represented by the unclaimed pari-mutuel tickets to the **authority**~~[commission]~~ under KRS 230.363 is relieved of all liability for the value of said unclaimed pari-mutuel tickets for any claim made in respect of said unclaimed pari-mutuel tickets.

Section 22. KRS 230.366 is amended to read as follows:

Any person claiming an interest in any unclaimed pari-mutuel ticket which has been paid or surrendered to the **authority**~~[commission]~~ in accordance with KRS 230.361 to 230.373 may file his claim to it at any time after it was paid to the **authority**~~[commission]~~.

Section 23. KRS 230.367 is amended to read as follows:

The **authority**~~[commission]~~ shall consider any claim or defense permitted to be filed before the **authority**~~[commission]~~ and hear the evidence concerning it. If the claimant establishes his claim, the **authority**~~[commission]~~ shall, when the time for appeal or other legal procedure has expired, authorize payment to him of a sum equal to the amount of his claim paid to the **authority**~~[commission]~~ in accordance with KRS 230.361 to 230.373. The decision shall be in writing and shall state the substance of the evidence heard by the **authority**~~[commission]~~, if a transcript is not kept. The decision shall be a matter of public record.

Section 24. KRS 230.368 is amended to read as follows:

Any person dissatisfied with the decision of the *authority, under Section 23 of this Act*~~[commission in this regard]~~ may appeal to the Franklin Circuit Court in accordance with the provisions of KRS 243.560 to 243.590.

Section 25. KRS 230.369 is amended to read as follows:

The *authority*~~[commission]~~, through its employees, may examine all records of any person where there is reason to believe that there has been or is a failure to report unclaimed pari-mutuel tickets.

Section 26. KRS 230.370 is amended to read as follows:

The *authority*~~[commission]~~ may promulgate any reasonable and necessary administrative regulation for the enforcement of ~~the~~*these* provisions *of this chapter* and *the conduct of* hearings held before it.

Section 27. KRS 230.371 is amended to read as follows:

The *authority*~~[commission]~~ may require the production of reports or the surrender of sums represented by unclaimed pari-mutuel tickets as provided in KRS 230.361 to 230.373 by civil equity action, including, but not limited to, an action in the nature of a bill of discovery, in which case the defendant shall pay a penalty equal to ten percent (10%) of all amounts that he is ultimately required to surrender. The *authority*~~[commission]~~ shall follow the procedures provided by the Rules of Civil Procedure.

Section 28. KRS 230.372 is amended to read as follows:

Any payments made to any persons claiming an interest in an unclaimed pari-mutuel ticket, and any necessary expense including, but not limited to, administrative costs, advertising costs, court costs and attorney's fees, required to be paid by the *authority*~~[commission]~~ in administering or enforcing the provisions of KRS 230.361 to 230.373 shall be deducted from sums received by the *authority*~~[commission]~~ prior to payment to the Kentucky Racing Health and Welfare Fund.

Section 29. KRS 230.374 is amended to read as follows:

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

Section 30. KRS 230.375 is amended to read as follows:

- (1) The board of directors of the Kentucky Racing Health and Welfare Fund, Inc., may create and fund the Kentucky Race Track Retirement Plan. The board shall use no more than twenty-five percent (25%) of the annual sum paid by the **authority**~~[commission]~~ under KRS 230.361 to 230.373 to fund the plan.
- (2) The plan shall be provided for the benefit of thoroughbred trainers, assistant trainers, exercise riders, grooms, stable attendants, and other stable employees who can demonstrate that they are not otherwise eligible to participate in any other private or public, nonself-funded retirement or pension plan.
- (3) The Kentucky Race Track Retirement Plan shall be administered by the board of directors of the Kentucky Racing Health and Welfare Fund, Inc., for the charitable and benevolent purposes set forth in KRS 230.374, and no part of the sums administered by the fund for the plan or any net earnings of the plan shall inure to the benefit of any private individual, director, officer, or member of the fund, or any of the persons who paid sums to the **authority**~~[commission]~~ under the provisions of KRS 230.361 to 230.373.
- (4) The board of directors of the Kentucky Racing Health and Welfare Fund, Inc., shall be the trustee of the plan's funds and shall have full power to invest and reinvest funds. Investments shall be diversified to balance the risks associated with various investment options to maintain the long-term solvency of the plan. The board shall have full power to hold, purchase, sell, assign, transfer, or dispose of any of the investments in which any of the plan's funds have been invested, as well as of the proceeds of investments belonging to the plan. The board members or any investment manager shall discharge their duties with respect to the assets of the plan solely in the interest of the plan's members and:
  - (a) For the exclusive purposes of providing benefits to plan members and their beneficiaries and defraying reasonable expenses of administering the plan;
  - (b) With the care, skill, prudence, and diligence under the circumstances that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and
  - (c) In accordance with any other laws or instruments governing the administration of the plan's funds.

Section 31. KRS 230.3751 is amended to read as follows:

The Governor of this Commonwealth is authorized and directed to execute a compact on behalf of the Commonwealth with any of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and each territory or possession of the United States, legally joining therein in the form substantially as follows:

## ARTICLE I

### PURPOSES

#### SECTION 1. Purposes.

The purposes of this compact are to:

1. Establish uniform requirements among the party states for the licensing of participants in live racing with pari-mutuel wagering, and ensure that all such participants who are licensed pursuant to this compact meet a uniform minimum standard of honesty and integrity.
2. Facilitate the growth of the pari-mutuel racing industry in each party state and nationwide by simplifying the process for licensing participants in live racing, and reduce the

duplicative and costly process of separate licensing by the regulatory agency in each state that conducts live racing with pari-mutuel wagering.

3. Authorize the *Kentucky Horse Racing Authority*~~[Kentucky Racing Commission]~~ to participate in this compact.
4. Provide for participation in this compact by officials of the party states, and permit those officials, through the compact committee established by this compact, to enter into contracts with governmental agencies and nongovernmental persons to carry out the purposes of this compact.
5. Establish the compact committee created by this compact as an interstate governmental entity duly authorized to request and receive criminal history record information from the Federal Bureau of Investigation and other state and local law enforcement agencies.

## ARTICLE II

### DEFINITIONS

#### SECTION 2. Definitions.

"Compact committee" means the organization of officials from the party states that is authorized and empowered by this compact to carry out the purposes of this compact.

"Official" means the appointed, elected, designated or otherwise duly selected member of a racing commission or the equivalent thereof in a party state who represents that party state as a member of the compact committee.

"Participants in live racing" means participants in live racing with pari-mutuel wagering in the party states.

"Party state" means each state that has enacted this compact.

"State" means each of the several states of the United States, the District of Columbia, the Commonwealth of Puerto Rico and each territory or possession of the United States.

## ARTICLE III

### ENTRY INTO FORCE, ELIGIBLE PARTIES AND WITHDRAWAL

#### SECTION 3. Entry into force.

This compact shall come into force when enacted by any four (4) states. Thereafter, this compact shall become effective as to any other state upon both (i) that state's enactment of this compact and (ii) the affirmative vote of a majority of the officials on the compact committee as provided in Section 8.

#### SECTION 4. States eligible to join compact.

Any state that has adopted or authorized live racing with pari-mutuel wagering shall be eligible to become party to this compact.

#### SECTION 5. Withdrawal from compact and impact thereof on force and effect of compact.

Any party state may withdraw from this compact by enacting a statute repealing this compact, but no such withdrawal shall become effective until the head of the executive branch of the withdrawing state has given notice in writing of such withdrawal to the head of the executive branch of all other party states. If as a result of withdrawals participation in this compact



decreases to less than three (3) party states, this compact no longer shall be in force and effect unless and until there are at least three (3) or more party states again participating in this compact.

#### ARTICLE IV

#### COMPACT COMMITTEE

##### SECTION 6. Compact committee established.

There is hereby created an interstate governmental entity to be known as the "compact committee," which shall be comprised of one (1) official from the racing commission or its equivalent in each party state who shall be appointed, serve and be subject to removal in accordance with the laws of the party state he represents. Pursuant to the laws of his party state, each official shall have the assistance of his state's racing commission or the equivalent thereof in considering issues related to licensing of participants in live racing and in fulfilling his responsibilities as the representative from his state to the compact committee. If an official is unable to perform any duty in connection with the powers and duties of the compact committee, the racing commission or equivalent thereof from his state shall designate another of its members as an alternate who shall serve in his place and represent the party state as its official on the compact committee until that racing commission or equivalent thereof determines that the original representative official is able once again to perform his duties as that party state's representative official on the compact committee. The designation of an alternate shall be communicated by the affected state's racing commission or equivalent thereof to the compact committee as the committee's bylaws may provide.

##### SECTION 7. Powers and duties of compact committee.

In order to carry out the purposes of this compact, the compact committee is hereby granted the power and duty to:

1. Determine which categories of participants in live horse racing, including but not limited to owners, trainers, jockeys, grooms, mutuel clerks, racing officials, veterinarians, and farriers, and which categories of equivalent participants in dog racing and other forms of live racing with pari-mutuel wagering authorized in two (2) or more of the party states, should be licensed by the committee, and establish the requirements for the initial licensure of applicants in each such category, the term of the license for each category, and the requirements for renewal of licenses in each category. Provided, however, that with regard to requests for criminal history record information on each applicant for a license, and with regard to the effect of a criminal record on the issuance or renewal of a license, the compact committee shall determine for each category of participants in live racing which licensure requirements for that category are, in its judgment, the most restrictive licensure requirements of any party state for that category and shall adopt licensure requirements for that category that are, in its judgment, comparable to those most restrictive requirements.
2. Investigate applicants for a license from the compact committee and, as permitted by federal and state law, gather information on such applicants, including criminal history record information from the Federal Bureau of Investigation and relevant state and local law enforcement agencies, and, where appropriate, from the Royal Canadian Mounted Police and law enforcement agencies of other countries, necessary to determine whether a license should be issued under the licensure requirements established by the committee as provided in paragraph 1 above. Only officials on, and employees of, the compact committee may receive and review such criminal history record information, and those officials and employees may use that information only for the purposes of this compact. No such official

or employee may disclose or disseminate such information to any person or entity other than another official or employee of the compact committee. The fingerprints of each applicant for a license from the compact committee shall be taken by the compact committee, its employees, or its designee and, pursuant to Public Law 92-544 or Public Law 100-413, shall be forwarded to a state identification bureau, or to an association of state officials regulating pari-mutuel wagering designated by the Attorney General of the United States, for submission to the Federal Bureau of Investigation for a criminal history record check. Such fingerprints may be submitted on a fingerprint card or by electronic or other means authorized by the Federal Bureau of Investigation or other receiving law enforcement agency.

3. Issue licenses to, and renew the licenses of, participants in live racing listed in paragraph 1 of this section who are found by the committee to have met the licensure and renewal requirements established by the committee. The compact committee shall not have the power or authority to deny a license. If it determines that an applicant will not be eligible for the issuance or renewal of a compact committee license, the compact committee shall notify the applicant that it will not be able to process his application further. Such notification does not constitute and shall not be considered to be the denial of a license. Any such applicant shall have the right to present additional evidence to, and to be heard by, the compact committee, but the final decision on issuance or renewal of the license shall be made by the compact committee using the requirements established pursuant to paragraph 1 of this section.
4. Enter into contracts or agreements with governmental agencies and with nongovernmental persons to provide personal services for its activities and such other services as may be necessary to effectuate the purposes of this compact.
5. Create, appoint, and abolish those offices, employments, and positions, including an executive director, as it deems necessary for the purposes of this compact, prescribe their powers, duties and qualifications, hire persons to fill those offices, employments and positions, and provide for the removal, term, tenure, compensation, fringe benefits, retirement benefits and other conditions of employment of its officers, employees and other positions.
6. Borrow, accept, or contract for the services of personnel from any state, the United States, or any other governmental agency, or from any person, firm, association, corporation or other entity.
7. Acquire, hold, and dispose of real and personal property by gift, purchase, lease, license, or in other similar manner, in furtherance of the purposes of this compact.
8. Charge a fee to each applicant for an initial license or renewal of a license.
9. Receive other funds through gifts, grants and appropriations.

#### SECTION 8. Voting requirements.

- A. Each official shall be entitled to one (1) vote on the compact committee.
- B. All action taken by the compact committee with regard to the addition of party states as provided in Section 3, the licensure of participants in live racing, and the receipt and disbursement of funds shall require a majority vote of the total number of officials (or their alternates) on the committee. All other action by the compact committee shall require a majority vote of those officials (or their alternates) present and voting.

- C. No action of the compact committee may be taken unless a quorum is present. A majority of the officials (or their alternates) on the compact committee shall constitute a quorum.

SECTION 9. Administration and management.

- A. The compact committee shall elect annually from among its members a chairman, a vice chairman, and a secretary/treasurer.
- B. The compact committee shall adopt bylaws for the conduct of its business by a two-thirds (2/3) vote of the total number of officials (or their alternates) on the committee at that time and shall have the power by the same vote to amend and rescind these bylaws. The committee shall publish its bylaws in convenient form and shall file a copy thereof and a copy of any amendments thereto with the Secretary of State or equivalent agency of each of the party states.
- C. The compact committee may delegate the day-to-day management and administration of its duties and responsibilities to an executive director and his support staff.
- D. Employees of the compact committee shall be considered governmental employees.

SECTION 10. Immunity from liability for performance of official responsibilities and duties.

No official of a party state or employee of the compact committee shall be held personally liable for any good faith act or omission that occurs during the performance and within the scope of his responsibilities and duties under this compact.

ARTICLE V

RIGHTS AND RESPONSIBILITIES OF EACH PARTY STATE

SECTION 11. Rights and responsibilities of each party state.

- A. By enacting this compact, each party state:
1. Agrees (i) to accept the decisions of the compact committee regarding the issuance of compact committee licenses to participants in live racing pursuant to the committee's licensure requirements, and (ii) to reimburse or otherwise pay the expenses of its official representative on the compact committee or his alternate.
  2. Agrees not to treat a notification to an applicant by the compact committee under paragraph 3 of Section 7 that the compact committee will not be able to process his application further as the denial of a license, or to penalize such an applicant in any other way based solely on such a decision by the compact committee.
  3. Reserves the right (i) to charge a fee for the use of a compact committee license in that state, (ii) to apply its own standards in determining whether, on the facts of a particular case, a compact committee license should be suspended or revoked, (iii) to apply its own standards in determining licensure eligibility, under the laws of that party state, for categories of participants in live racing that the compact committee determines not to license and for individual participants in live racing who do not meet the licensure requirements of the compact committee, and (iv) to establish its own licensure standards for the licensure of nonracing employees at pari-mutuel racetracks and employees to separate satellite wagering facilities. Any party state that suspends or revokes a compact committee license shall, through its racing commission or the equivalent thereof or otherwise, promptly notify the compact committee of that suspension or revocation.

- B. No party state shall be held liable for the debts or other financial obligations incurred by the compact committee.

## ARTICLE VI

## CONSTRUCTION AND SEVERABILITY

## SECTION 12. Construction and severability.

This compact shall be liberally construed so as to effectuate its purposes. The provisions of this compact shall be severable, and, if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the Constitution of the United States or of any party state, or the applicability of this compact to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If all or some portion of this compact is held to be contrary to the constitution of any party state, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters.

Section 32. KRS 230.377 is amended to read as follows:

- (1) Other provisions of the Kentucky Revised Statutes notwithstanding, a track may apply to the **authority**~~commission~~ for simulcasting and intertrack wagering dates. Applications shall be submitted in accordance with KRS 230.300. The **authority**~~commission~~ shall not approve the establishment or relocation of a receiving track within a radius of seventy-five (75) miles of a race track duly licensed as of July 15, 1992, without the prior written consent of the licensed track within whose seventy-five (75) mile radius the new receiving track would be located.
- (2) On or before November 1 of each year, the **authority**~~commission~~ shall meet and award intertrack wagering dates to all tracks for the entire succeeding calendar year. In a geographic area containing more than one (1) track within a fifty (50) mile radius of another track, intertrack wagering, except for quarter horse racing, shall be limited to simulcasting and wagering on racing of the same breed of horse as the receiving track was licensed to race on or before July 15, 1998.
- (3) The **authority**~~commission~~ shall approve no more than nine (9) tracks for participation in horse racing, intertrack wagering, and simulcasting. Any approval by the **authority**~~commission~~ of a change in location of these tracks shall be subject to the local-approval process contained in KRS 230.380.
- (4) A track may by administrative regulation be required to simulcast its races to one (1) or more receiving tracks approved for simulcasting and intertrack wagering, as a prerequisite for the issuance of a license pursuant to KRS 230.300, provided that:
  - (a) Each track shall be permitted to exempt one (1) day of racing from simulcasting to both receiving tracks and simulcast facilities, at its discretion;
  - (b) Tracks in a county containing a city of the first class or a consolidated local government and tracks in an urban-county government shall not be required to simulcast to each other or to any other facility in those counties. This provision shall not be construed as requiring tracks within the same county to simulcast to each other; and

- (c) In the absence of a contract between a host track and a receiving track, the commission shall be split as provided for in KRS 230.378(3).
- (5) A track may receive simulcasts and conduct interstate wagering thereon subject to the following limitations which shall be in addition to the limitations set forth in KRS 230.3771:
- (a) A track licensed to conduct thoroughbred racing may receive simulcasts and conduct interstate wagering on all thoroughbred horse races designated as graded stakes races by the Graded Stakes Committee of the Thoroughbred Owners and Breeders Association, Inc., without further consents or approvals.
  - (b) A track licensed to conduct harness racing may receive simulcasts and conduct interstate wagering on all harness horse races (both final and elimination) having a final purse in excess of seventy-five thousand dollars (\$75,000) without further consents or approvals.
  - (c) A track licensed to conduct quarter horse racing may receive simulcasts and conduct interstate wagering on all quarter horse races designated as graded stakes races by the graded stakes committee of the American Quarter Horse Association, without further consents or approvals.
  - (d) A track which applies to the *authority*~~[commission]~~ to receive an interstate race of a different breed than the breed for which it is licensed by the *authority*~~[commission]~~ shall receive any simulcast of an interstate race through the intertrack wagering system upon approval by the *authority*~~[commission]~~. Notwithstanding the foregoing, a track licensed to conduct horse racing may receive simulcasts and conduct interstate wagering on quarter horse races, subject to the limitations of KRS 230.3771.
  - (e) A track may receive simulcasts of special event races conducted in other states or foreign countries which are determined by the *authority*~~[commission]~~ to be of sufficient national or international significance or interest to warrant interstate wagering and if the simulcast of these races has been approved by the Kentucky Thoroughbred Owners and Breeders Association, Inc., the Kentucky Division of the Horseman's Benevolent and Protective Association, for thoroughbred races, and the Kentucky Harness Horsemen's Association for harness racing, and any track conducting live horse races of the same breed at the same time as the simulcast race.
  - (f) A track may also receive simulcasts and conduct interstate wagering on thoroughbred horse races other than those described in paragraphs (a) and (e) of this subsection if the simulcast of these races has been approved by the Kentucky Thoroughbred Owners and Breeders Association, Inc., and the Kentucky Horsemen's Benevolent and Protective Association, for thoroughbred races, and the Kentucky Harness Horsemen's Association, or its successor, for harness racing.
  - (g) The consent required by paragraph (f) of this subsection or by subsections (1)(g) and (2)(g) of KRS 230.3771 shall not be withheld:
    - 1. For any reason not specifically related to financial harm to live horse racing; or
    - 2. As a condition to the granting of any contractual or other concession not specifically related to the effects of interstate simulcasting on live horse racing in this Commonwealth, taken as a whole.

- (h) A host track located in this state may receive simulcasting of not more than two (2) full cards of racing from another state, if both tracks race horses of the same breed and if:
    - 1. The race date was previously granted by the *Kentucky Horse Racing Authority*~~[Kentucky Racing Commission]~~ to conduct live racing at the track located in this state;
    - 2. Live racing was canceled due to weather conditions; and
    - 3. The consent required by paragraph (e) of this subsection is obtained.
  - (i) The in-state track receiving the simulcast specified in paragraph (h) of this subsection shall offer that simulcast to all participating tracks and simulcast facilities in the intertrack wagering system.
  - (j) All interstate simulcasting shall be conducted in accordance with applicable federal laws.
- (6) The *authority*~~[commission]~~ may promulgate necessary and reasonable administrative regulations for the purpose of administering the conduct of intertrack or interstate wagering and regulating the conditions under which wagering shall be held and conducted. Administrative regulations shall provide for the prevention of practices detrimental to the public interest and to impose penalties for violations. All administrative regulations shall be in conformity with the provisions of KRS Chapter 13A, KRS 138.510, and this chapter.

~~[(7) Subsections (2) and (3) of this section shall apply only to intertrack wagering dates awarded for calendar year 1993 and thereafter, and any unresolved intertrack wagering dates for calendar year 1992 shall be awarded pursuant to applicable provisions of law in effect immediately prior to March 30, 1992.]~~

Section 33. KRS 230.3771 is amended to read as follows:

- (1) A thoroughbred track licensed to conduct thoroughbred racing may receive interstate simulcasts of thoroughbred horse races and quarter horse races, and conduct interstate wagering thereon, subject to the following limitations:
  - (a) A thoroughbred receiving track may receive interstate simulcasts of thoroughbred races and conduct interstate wagering thereon at any time of day and during any live thoroughbred horse race meet conducted in the Commonwealth of Kentucky so long as the thoroughbred receiving track conducting interstate wagering remits to the thoroughbred host track conducting a live meet, from the first awarded day of its live meet through the last awarded day of the same live meet, the amounts provided in paragraph (j) of this subsection.
  - (b) A thoroughbred host track which receives interstate simulcasts and conducts interstate wagering thereon during the period of time from the first awarded day of its live meet through the last awarded day of its live meet shall offer the simulcasts to all thoroughbred receiving tracks, all harness tracks not subject to the provisions of KRS 230.377(2), and all simulcast facilities through the intertrack wagering system.
  - (c) Except as otherwise prohibited by law, a receiving track shall conduct intertrack wagering on all live races of all thoroughbred host tracks on any day on which it receives an interstate simulcast for the purpose of conducting interstate wagering.

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

2. Twenty-five percent (25%) to the thoroughbred host track designated by paragraphs (a) and (e) of this subsection. However, if the race does not occur between the first awarded day of a live meet and the last awarded day of the same live meet, an additional twenty-five percent (25%) shall be retained by the receiving track where the interstate wagering occurs;
  3. Twenty-five percent (25%) to the purse program of the receiving track where the interstate wagering occurs; and
  4. Twenty-five percent (25%) to the purse program of the thoroughbred host track designated by paragraphs (a) and (e) of this subsection. However, if the race does not occur between the first awarded day of a live meet and the last awarded day of the same live meet, then an additional twenty-five percent (25%) shall be paid to the purse program of the receiving track where the interstate wagering occurs.
- (k) A simulcast facility's commission on interstate wagering on thoroughbred racing, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as provided in KRS 230.380(9).
- (2) A harness track licensed to conduct harness racing may receive interstate simulcasts of harness horse races and conduct interstate wagering thereon subject to the following limitations:
- (a) A harness receiving track may receive interstate simulcasts of harness races and quarter horse races, and conduct interstate wagering thereon at any time of day and during the course of any live harness horse race meet conducted in the Commonwealth of Kentucky so long as the harness receiving track conducting interstate wagering remits to the harness host track conducting a live meet, from the first awarded day of its live meet through the last awarded day of the same live meet, the amounts provided in paragraph (j) of this subsection.
  - (b) A harness host track which receives an interstate simulcast and conducts interstate wagering thereon during its live race meet shall offer the simulcasts to all thoroughbred receiving tracks not subject to the provisions of KRS 230.377(2), all harness tracks, and all simulcast facilities through the intertrack wagering system.
  - (c) Except as otherwise prohibited by law, a harness receiving track or a simulcast facility shall conduct intertrack wagering on all live races of a harness host track on any day it receives an interstate simulcast from a harness host track.
  - (d) No host track shall require that any receiving track or simulcast facility receive the interstate simulcast.
  - (e) If more than one (1) harness track conducts live racing at the same time on the same day, no track or simulcast facility may receive an interstate simulcast on harness races unless all harness tracks conducting live racing at that time of day agree upon the interstate simulcast to be received and the division of the harness host track's commission. If more than one (1) harness track conducts live racing at different times on the same day, the harness host track with the highest average daily handle, based on the preceding year, shall be the host track for purposes of splitting the commissions earned on interstate wagering at receiving tracks within the Commonwealth. For purposes of this subsection, average daily handle includes live handle, intertrack



wagering handle, and simulcast facility handle. Also for purposes of this subsection, the time of day during which a host track conducts live racing commences with its first published post time and conclude ten (10) minutes after the published post time of its last race of the day, regardless of actual post times.

- (f) Each harness track which desires to conduct interstate wagering pursuant to the provisions of this subsection shall during each year make application to the **authority**~~commission~~ for no less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 and one hundred percent (100%) of the number of races scheduled to be run by the track in 1993.
- (g) Notwithstanding paragraph (f) of this subsection, any harness track may apply for less than one hundred percent (100%) of the number of racing days awarded to the track in 1994 or one hundred percent (100%) of the number of races scheduled to be run by the track in 1993, if written approval is obtained from the Kentucky Harness Horsemen's Association, or its successor.
- (h) A separate accounting on all interstate simulcasting shall be submitted to the **authority**~~commission~~. This accounting shall be submitted in the same format and at the same time that the report for intertrack wagering is submitted.
- (i) If the only simulcast or simulcasts a track participating as a harness host track makes available for interstate wagering through this state's intertrack wagering system on any race day are harness horse races (both final and elimination) having a final purse in excess of seventy-five thousand dollars (\$75,000), then the commission of the receiving track on these interstate wagers shall be split as prescribed by KRS 230.378(3); otherwise, the commission of the receiving track shall be split as prescribed by paragraph (j) of this subsection. Interstate simulcasts received by a harness host track under the conditions set forth in this paragraph shall not be subject to the conditions set forth in paragraphs (b), (c), (e), and (f) of this subsection.
- (j) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:
  - 1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;
  - 2. Twenty-five percent (25%) to the harness host track designated by paragraphs (a) and (e) of this subsection. However, if no live meet is occurring, an additional twenty-five percent (25%) shall be retained by the receiving track where the interstate wagering occurs;
  - 3. Twenty-five percent (25%) to the purse program of the receiving track where the interstate wagering occurs; and
  - 4. Twenty-five percent (25%) to the purse program of the harness host track designated by paragraphs (a) and (e) of this subsection. However, if no live meet is occurring, an additional twenty-five percent (25%) shall be paid to the purse program of the receiving track where the interstate wagering occurs.
- (k) A simulcast facility's commission on interstate wagering on harness races, after deduction of applicable taxes and any amount required to be paid by contract to the

track from which the interstate simulcast originated, shall be split as provided in KRS 230.380(9).

- (3) A harness track may only receive interstate simulcasts of thoroughbred horse races and conduct interstate wagering thereon as provided in subsection (1)(b) of this section. A thoroughbred track may only receive interstate simulcasts of harness horse races and conduct interstate wagering thereon as provided in subsection (2)(b) of this section. A simulcast facility may only receive interstate simulcasts of thoroughbred and harness horse races and conduct interstate wagering thereon as provided in subsections (1)(b) and (2)(b) of this section.
- (4)
  - (a) A thoroughbred track licensed to conduct horse racing may receive interstate simulcasts of quarter horse races and conduct interstate wagering thereon, subject to the limitations stated in paragraph (b) of this subsection.
  - (b) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:
    1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;
    2. Twenty-five percent (25%) to the host track; and
    3. Fifty percent (50%) to the quarter horse purse program within this state, to be allocated by the American Quarter Horse Association or its successor to supplement purses for quarter horse races in this state.
- (5)
  - (a) A harness track licensed to conduct horse racing may receive interstate simulcasts of quarter horse races and conduct interstate wagering thereon, subject to the limitations stated in paragraphs (b) and (c) of this subsection.
  - (b) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:
    1. Twenty-five percent (25%) to the purse program of the receiving track;
    2. Twenty-five percent (25%) to the purse program of the host track;
    3. Twenty-five percent (25%) to the receiving track; and
    4. Twenty-five percent (25%) to the host track.
  - (c) When a quarter horse race is run at a Kentucky race track, the commission to the Kentucky Quarter Horse Purse Program shall be twenty-two percent (22%) from the host track's purse share.
- (6) Other provisions of the Kentucky Revised Statutes notwithstanding, any track in a geographic area that contains more than one (1) track within a fifty (50) mile radius of any other track may only receive interstate simulcasts on racing of the same breed of horse as the track was licensed to race on or before July 15, 1998, except any track may receive interstate simulcasts on quarter horse races.

Section 34. KRS 230.3773 is amended to read as follows:

- (1) As used in this section, "interstate common wagering pool" means a pari-mutuel pool established in one (1) horse racing jurisdiction that is combined with comparable pari-

mutuel pools from at least one (1) horse racing jurisdiction for the purpose of establishing payoff prices in the various jurisdictions.

- (2) Interstate wagers at a receiving track may form an interstate common wagering pool with wagers at a track in another jurisdiction, and the receiving track may adopt the commission and breakage rates of the track at which the race is being run. The **authority**~~[commission]~~ may also approve types of wagering, distribution of winnings, and rules of racing for interstate common wagering pools that are different from those that normally apply in Kentucky.
- (3) Wagers placed on any races run at track in Kentucky may be combined with wagers placed at tracks in other jurisdictions to form an interstate common wagering pool located either within or outside Kentucky.
- (4) A track's participation in an interstate common wagering pool does not cause that track to be considered to be doing business in any jurisdiction other than the jurisdiction where the track is physically located. Excise taxes and commission rates may not be imposed on any interstate common wagering pool other than on amounts actually wagered in Kentucky. The combination of pari-mutuel pools as provided in this section constitutes the communication of wagering information for purposes of calculating odds and payoffs only and does not constitute the transfer of wagers in interstate commerce.

Section 35. KRS 230.378 is amended to read as follows:

- (1) A receiving track may accept wagers only at the track where it is licensed to conduct its race meeting or conduct intertrack wagering. A receiving track may accept wagers through a telephone account wagering system. Wagers at a receiving track, simulcast facility, or on telephone account wagering shall form a common pool with wagers at a host track. This common pool requirement shall not apply to wagers made in connection with interstate simulcasting pursuant to KRS 230.3771; however, common pools shall be encouraged.
- (2) Except as provided in KRS 230.3771(2), the commission of a receiving track, simulcast facility, or on telephone account wagering shall be the same as the commission of the host track as determined in KRS 230.3615 or 230.750.
- (3) In the absence of a valid contract with a horsemen's organization, the commission of a receiving track, after deduction of applicable taxes and other applicable deductions, shall be split as follows: twenty-two percent (22%) to the host track, twenty-two percent (22%) to the purse program at the host track, twenty-two percent (22%) to the receiving track and twenty-two percent (22%) to the purse program at the receiving track. Twelve percent (12%) of the commission shall be allocated evenly between the host track and the receiving track to cover the cost of simulcasting, unless otherwise agreed to by contract.
- (4) The deduction for the backside improvement fund, as provided for in KRS 230.3615(4) shall not apply to the commission or pari-mutuel tax of a receiving track or telephone account wagering.
- (5) A receiving track shall be exempt from the admissions tax levied in KRS 138.480 and from any license fee imposed by statute or regulation by the **authority**~~[commission]~~.

Section 36. KRS 230.379 is amended to read as follows:

- (1) A track may engage in telephone account wagering, if all moneys used to place telephone account wagers are on deposit in an amount sufficient to cover the wagers at the track where the account is opened. All moneys wagered by telephone account wagering shall be subject

to the applicable pari-mutuel tax levied in KRS 138.510 and shall form a common pool with other pari-mutuel pools at the track for each posted race. The **authority**~~[commission]~~ shall have authority to promulgate necessary and reasonable administrative regulations to regulate the conduct of telephone account wagering, including regulations for the deposit of funds by credit or debit cards or other means of electronic funds transfer.

- (2) A track shall accept and tabulate a telephone account wager only from the holder of a telephone wagering account. No person shall directly or indirectly act as an intermediary, transmitter, or agent in the placing of wagers for a holder of a telephone wagering account. No person shall in any manner place a wager through telephone account wagering, on behalf of a holder of a telephone wagering account. Only the holder of a telephone wagering account shall place a telephone wager. Any person violating this subsection shall be guilty of a Class A misdemeanor.
- (3) Telephone account wagering conducted in accordance with the provisions of this section shall not be considered a violation of KRS 528.110.

Section 37. KRS 230.380 is amended to read as follows:

- (1) Any track licensed by the **authority**~~[commission]~~ to conduct horse racing and desiring to establish a simulcast facility shall apply for and may receive approval from the **authority**~~[commission]~~ for each simulcast facility. Prior to considering an application for approval of a simulcast facility, the **authority**~~[commission]~~ shall notify by regular mail, each state senator, state representative, county judge/executive, and mayor in the jurisdiction in which the proposed simulcast facility is located, at least ten (10) days in advance of the **authority**~~[commission]~~ meeting at which the application is to be considered or voted upon. Consideration of an application shall be based on criteria contained in administrative regulations promulgated under KRS 230.300. Approval, if granted, shall be granted for a term of one (1) calendar year.
- (2) A track or tracks may proceed with the establishment of a simulcast facility unless, within sixty (60) days of the date on which the **authority**~~[commission]~~ approved the facility, the governing body of the local government jurisdiction in which the facility is to be located votes, by simple majority of those voting, to disapprove the establishment of the simulcast facility. For the purposes of this section, "governing body" means, in an incorporated area, the board of aldermen, city council or board of commissioners; in a county, the fiscal court; in an urban-county government, the urban-county council, or in a charter county, the legislative body created in accordance with KRS 67.825 to 67.875.
- (3) The **authority**~~[commission]~~ shall not approve the establishment of any simulcast facility within a radius of fifty (50) miles of a licensed track. The **authority**~~[commission]~~ may approve the establishment of one (1) simulcast facility within a radius of greater than fifty (50) miles but less than seventy-five (75) miles of a licensed track, but the facility shall not be approved to operate without the prior written consent of the licensed track within whose seventy-five (75) mile radius the facility is located.
- (4) The **authority**~~[commission]~~ may promulgate administrative regulations as it deems appropriate to protect the integrity of pari-mutuel wagering at any simulcast facility.
- (5) Licensed tracks conducting horse racing may enter into joint agreements to establish or operate one (1) or more simulcast facilities, on terms and conditions as the participating tracks may determine. Any agreements respecting these arrangements shall be filed with the

*authority*~~[commission]~~, and applications for simulcast facilities shall be filed by and licenses may be issued to, these licensed tracks by the *authority*~~[commission]~~.

- (6) A simulcast facility may be established and operated on property that is owned or leased and which is not used solely for the operation of a simulcast facility; provided however, that a simulcast facility may not be established on the premises of a lottery vendor.
- (7) A simulcast facility shall not be subject to and shall not pay any excise tax imposed pursuant to KRS 138.510, any license tax imposed under KRS 137.170, or any admission tax imposed under KRS 138.480.
- (8) One percent (1%) of all moneys wagered at a simulcast facility shall be dedicated for local economic development and shall be allocated as follows:
  - (a) If a simulcast facility is located in an incorporated area, seventy-five percent (75%) shall be allocated to the governing body of the city in which the facility is located, and twenty-five percent (25%) to the governing body of the county in which the facility is located.
  - (b) If a simulcast facility is located in an unincorporated area, all moneys shall be allocated to the governing body of the county or charter county in which the facility is located.
- (9) (a) After the deduction of moneys under subsection (8), simulcast facility shall deduct a commission allowed under KRS 230.3615 with respect to all wagers made at the simulcast facility. The commission, less moneys allocated in subsection (8) of this section, shall be split as follows:
  1. Thirty percent (30%) shall be allocated to the host track;
  2. Forty-six and one-half percent (46.5%) to the purse program at the host track;
  3. Thirteen and one-half percent (13.5%) to be retained by the track or tracks owning the simulcast facility for the purpose of application to expenses incurred in connection therewith;
  4. Six percent (6%) to be allocated to the Kentucky Thoroughbred Owners and Breeders, Inc., to be expended as follows:
    - a. Up to three percent (3%) for capital improvements and promotion of off-track betting; and
    - b. The remainder for marketing and promoting the Kentucky thoroughbred industry; and
  5. Four percent (4%) to be allocated to the *authority*~~[commission]~~ to be used for purses at county fairs in Kentucky licensed and approved by the *authority*~~[commission]~~, and for the standardbred sires stakes program established under KRS 230.770.
- (b) The commission of a simulcast facility derived from interstate wagering shall be reduced by any amounts required to be paid by contract to the host track or track conducting the live race before it is divided as set forth in this section. No simulcast facility may receive any interstate simulcast except with the approval of the live Kentucky host track.

- (c) The Kentucky Thoroughbred Owners and Breeders, Inc., shall annually report to the **authority**~~[commission]~~ on all money expended in accordance with subsection (9)(a)4. of this section. The report shall be in the form required, and provide all information required by the **authority**~~[commission]~~.
- (10) Subsections (1) and (2) of this section shall also apply to the establishment by a track of a noncontiguous facility in a county in which pari-mutuel racing and wagering is not being conducted. Subsection (8) of this section shall also apply to a noncontiguous race track facility referenced in this subsection, unless there is a written agreement to the contrary between the track establishing the facility and the governing body of the local government jurisdiction in which the facility is to be established.

Section 38. KRS 230.398 is amended to read as follows:

All sums reported and paid to the **authority**~~[commission]~~ under the provisions of KRS 230.361 to 230.373 by any licensee conducting a harness race meeting shall be used by it for purses at harness racing events at county fairs within the Commonwealth of Kentucky that have been licensed and approved by it. The **authority**~~[commission]~~ shall have the authority to promulgate administrative regulations as may be necessary for the conduct of these races.

Section 39. KRS 230.400 is amended to read as follows:

- (1) There is hereby created a trust and revolving fund for the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~, designated as the Kentucky thoroughbred development fund, consisting of money allocated to the fund under the provisions of KRS 138.510, together with other money contributed to or allocated to the fund from all other sources. Money to the credit of the Kentucky thoroughbred development fund shall be distributed by the Treasurer for the purposes of this section upon authorization of the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~ and upon approval of the secretary of the Finance and Administration Cabinet. Money from the Kentucky thoroughbred development fund shall be allocated to each licensed association in an amount equal to the amount the association contributed to the fund. Money to the credit of the Kentucky thoroughbred development fund at the end of each fiscal year shall not lapse, but shall be carried forward in such fund to the succeeding fiscal year.
- (2) There is hereby established, under the general jurisdiction of the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~, a Kentucky Thoroughbred Development Fund Advisory Committee. The advisory committee shall consist of five (5) members, all of whom shall be residents of Kentucky, to be appointed by the chairman of the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~ by July 1 of each year. The committee shall consist of two (2) thoroughbred breeders recommended by the Kentucky Thoroughbred Owners and Breeders, Inc.; one (1) thoroughbred owner recommended by the Kentucky division of the Horsemen's Benevolent and Protective Association; one (1) officer or director of a licensed association conducting thoroughbred racing in Kentucky, recommended by action of all of the licensed associations conducting thoroughbred racing in Kentucky; and one (1) member of the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~. If any member other than the **authority**~~[commission]~~ member has not been recommended for appointment by July 1 of each year, the chairman of the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~ shall make an appointment for the organization or organizations failing to recommend a member of the committee. The members of the advisory committee shall serve without compensation, but shall be entitled to reimbursement for all expenses incurred in the discharge of official business. The

advisory committee shall select from its membership annually a chairman and a vice chairman.

- (3) (a) The Kentucky Thoroughbred Development Fund Committee shall advise and assist the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ in the development of the supplemental purse program provided herein for Kentucky bred thoroughbreds, shall make recommendations to the ***authority***~~[commission]~~ from time to time with respect to the establishment of guidelines, administrative regulations for the provision of supplemental purses, the amount thereof, the races for which the purses are to be provided and the conditions thereof, manner and method of payment of supplemental purses, registry of thoroughbred stallions standing within the Commonwealth of Kentucky, registry of Kentucky bred thoroughbreds for purposes of this section, nature and type of forms and reports to be employed and required in connection with the establishment, provision for, award and payment of supplemental purses, and with respect to all other matters necessary in connection with the carrying out of the intent and purposes of this section.
- (b) The ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ shall employ qualified personnel as may be required to assist the ***authority***~~[commission]~~ and the advisory committee in carrying out the provisions of this section. These persons shall serve at the pleasure of the ***authority***~~[commission]~~ and compensation for these personnel shall be fixed by the ***authority***~~[commission]~~. The compensation of these personnel and the necessary expenses incurred by the ***authority***~~[commission]~~ or by the committee in carrying out the provisions of this section shall be paid out of the Kentucky thoroughbred development fund.
- (4) The ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~, with the advice and assistance of the Kentucky Thoroughbred Development Fund Advisory Committee, shall use the Kentucky thoroughbred development fund to promote, enhance, improve, and encourage the further and continued development of the thoroughbred breeding industry in Kentucky by providing, out of the Kentucky thoroughbred development fund, supplemental purses for designated stakes, handicap, allowance, and nonclaiming maiden races contested at licensed thoroughbred race meetings in Kentucky, the awarding and payment of which supplemental purses shall be conditioned upon the winning or placing in designated races by Kentucky bred thoroughbred horses. Any supplemental purse provided for a designated race shall be apportioned among the winning and placing horses in the same proportion as the stake or purse provided for the race by the racing association. Winning or placing as used in this section shall include those horses finishing first, second, third, and fourth in the races. That portion of the supplemental purse provided for any designated race for a winning or placing finish shall be awarded and paid to the owner of the horse so finishing only if the horse is a Kentucky bred thoroughbred duly registered with the official registrar. Any portion of the supplemental purse which is not awarded and paid over shall be returned to the Kentucky thoroughbred development fund.
- (5) (a) For purposes of this section, the term Kentucky thoroughbred stallion shall mean and include only a thoroughbred stallion standing the entire breeding season in Kentucky and registered as a Kentucky thoroughbred stallion with the official registrar of the Kentucky thoroughbred development fund.
- (b) Except for thoroughbred horses foaled prior to January 1, 1980, the term Kentucky bred thoroughbreds for purposes of this section, shall mean and include only

thoroughbred horses sired by Kentucky thoroughbred stallions foaled in Kentucky and registered as a Kentucky bred thoroughbred with the official registrar of the Kentucky thoroughbred development fund.

- (c) Any thoroughbred horse foaled prior to January 1, 1980, may qualify as a Kentucky bred thoroughbred for purposes of this section if the horse was foaled in Kentucky and if the sire of the thoroughbred was standing at stud within Kentucky at the time of conception of such thoroughbred, provided the thoroughbred is duly registered as a Kentucky bred thoroughbred with the official registrar of the Kentucky thoroughbred development fund.
  - (d) In order for an owner of a Kentucky sired thoroughbred to be eligible to demand, claim, and receive a portion of a supplemental purse provided by the Kentucky thoroughbred development fund, the thoroughbred horse winning or placing in a designated race for which a supplemental purse has been provided by the Kentucky thoroughbred development fund must have been duly registered as a Kentucky bred thoroughbred with the official registrar of the Kentucky thoroughbred development fund prior to entry in the race.
- (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and designated as the sole official registrar of the Kentucky thoroughbred development fund for the purposes of registering Kentucky thoroughbred stallions and Kentucky bred thoroughbreds in accord with the terms of this section and any administrative regulations promulgated by the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~. When a Kentucky bred thoroughbred is registered with the official registrar, the registrar shall be authorized to stamp the Jockey Club certificate issued for the thoroughbred with the seal of the registrar, certifying that the thoroughbred is a duly qualified and registered Kentucky bred thoroughbred for purposes of this section. The registrar may establish and charge, with the approval of the ***authority***~~[commission]~~, reasonable registration fees for its services in the registration of Kentucky thoroughbred stallions and in the registration of Kentucky bred thoroughbreds. Registration records of the registrar shall be public records and open to public inspection at all normal business hours and times.
- (b) Any interested party aggrieved by the failure or refusal of the official registrar to register a stallion or thoroughbred as a Kentucky stallion or as a Kentucky bred thoroughbred shall have the right to file with the ***authority***~~[commission]~~, within thirty (30) days of such failure or refusal of the registrar, petition seeking registration of the thoroughbred. The ***authority***~~[commission]~~ shall promptly hear the matter de novo and issue its order directing the official registrar to register or not to register as it may be determined by the ***authority***~~[commission]~~.
- (7) The ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ shall promulgate administrative regulations as may be necessary to carry out the provisions and purposes of this section, including the promulgation of administrative regulations and forms as may be appropriate for the proper registration of Kentucky stallions and Kentucky bred thoroughbreds with the official registrar, and shall administer the Kentucky bred thoroughbred program created hereby in a manner best designed to promote and aid in the further development of the thoroughbred breeding industry in Kentucky, to upgrade the quality of thoroughbred racing in Kentucky, and to improve the quality of thoroughbred horses bred in Kentucky.



Section 40. KRS 230.770 is amended to read as follows:

- (1) There is hereby created a trust and revolving fund for the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~, designated as the Kentucky standardbred, quarter horse, Appaloosa, and Arabian development fund, consisting of money allocated to the fund under the provisions of KRS 138.510, together with any other money contributed to or allocated to the fund from all other sources. For the purposes of this section, "development fund" or "fund" means the Kentucky standardbred, quarter horse, Appaloosa, and Arabian development fund. Money to the credit of the development fund shall be distributed by the Treasurer for the purposes provided in this section, upon authorization of the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ and upon approval of the secretary of the Finance and Administration Cabinet. Money to the credit of the fund at the end of each fiscal year shall not lapse, but shall be carried forward in the fund to the succeeding fiscal year.
- (2) The ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ shall use the development fund to promote races, and to provide purses for races, for horses sired by stallions standing within the Commonwealth of Kentucky or as provided in subsection (2)(b) of this section. For purposes of this section, the term stallions standing within the Commonwealth of Kentucky shall include only stallions standing the entire breeding season within the Commonwealth of Kentucky and registered with the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~.
  - (a) The ***authority***~~[commission]~~ shall provide for distribution of money to the credit of the development fund to persons, corporations, or associations operating licensed standardbred race tracks within Kentucky on an equitable basis, for the purpose of conducting separate races for two and three year old fillies and colts, both trotting and pacing, sired by standardbred stallions standing within the Commonwealth of Kentucky at the time of conception. Notwithstanding other provisions hereof, a filly or colt foaled prior to January 1, 1978, shall be eligible to participate in races, a part of the purse for which is provided by money of the development fund, if the sire of the filly or colt was standing at stud within the Commonwealth of Kentucky at the time of conception.
  - (b) The ***authority***~~[commission]~~ shall provide for distribution of money to the credit of the development fund to persons, corporations, or associations operating licensed racetracks within Kentucky conducting quarter horse, Appaloosa, or Arabian racing, on an equitable basis as determined by the ***authority***~~[commission]~~.
- (3) Money distributed from the development fund to licensed standardbred race tracks within the Commonwealth shall be used exclusively to promote races and provide purses for races conditioned to admit only standardbred colts and fillies sired by standardbred stallions standing within the Commonwealth of Kentucky.
- (4) The ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ shall fix the amount of money to be paid from the development fund to be added to the purse provided for each race by the licensed operator of the race track; shall fix the dates and conditions of races to be held by licensed race tracks; and shall promulgate administrative regulations necessary to carry out the provisions of this section. Money from the fund shall be allocated to each breed of horse represented in the fund in an amount equal to the amount the breed has contributed to the fund.

- (5) The ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ may promulgate administrative regulations necessary to determine the eligibility of horses for entry in races for which a portion of the purse is provided by money of the development fund, including administrative regulations for the registration of stallions standing within Kentucky and progeny thereof, including registration of progeny of the stallions foaled prior to June 19, 1976.
- (6) The ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ shall appoint qualified personnel necessary to supervise registration of, or determination of eligibility of, horses entitled to entry in races, a portion of the purse of which is provided by the development fund, to assist the ***authority***~~[commission]~~ in determining the conditions, class, and quality of the fund supported race program to be established hereunder so as to carry out the purposes of this section. These persons shall serve at the pleasure of the ***authority***~~[commission]~~ and compensation shall be fixed by the ***authority***~~[commission]~~. The compensation of personnel and necessary expenses shall be paid out of the development fund. The ***authority***~~[commission]~~ shall promulgate administrative regulations to carry out the provisions of this section, and shall administer the Kentucky sire stakes program created hereby in a manner best designed to promote and aid in the development of the horse industry in Kentucky; to upgrade the quality of racing in Kentucky; and to improve the quality of horses bred in Kentucky.

Section 41. KRS 230.218 is amended to read as follows:

- (1) There is established, under the ***jurisdiction of the Kentucky Horse Racing Authority, the backside improvement fund***. ~~This [general jurisdiction of the Kentucky Racing Commission, a Backside Improvement Commission. This commission shall consist of four (4) members, three (3) of which shall be voting members and one (1) shall be a nonvoting member. The voting members shall be as follows: one (1) member appointed by the President of the Kentucky Senate, one (1) member appointed by the Speaker of the Kentucky House of Representatives, and one (1) member appointed by the chairman of the Kentucky Racing Commission. The nonvoting member shall be appointed by the Kentucky division of the Horsemen's Benevolent and Protective Association. The appointee of the chairman of the Kentucky Racing Commission shall serve as chairman of the Backside Improvement Commission. The members of the commission shall serve without compensation, but shall be entitled to reimbursement for all expenses incurred in the discharge of official business.~~
- (2) ~~There is created a trust and} revolving fund ***shall consist***[for the Backside Improvement Commission, consisting] of money allocated to the fund under the provisions of KRS 230.3615, together with any other money which may be contributed to or allocated to the fund from all other sources. Money to the credit of the backside improvement fund at the end of each fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year. The ***Kentucky Horse Racing Authority***~~[Backside Improvement Commission]~~ may invest any and all funds received by the~~[trust]~~ fund and interest earned by the investment of said funds in types of investments appropriate to the investment needs of the~~[trust]~~ fund after having considered the financial return on authorized investment alternatives, the financial safety of investment alternatives and the impact of any authorized investments on the state's economy. The ***authority***~~[Backside Improvement Commission]~~ shall review the status of the~~[trust]~~ fund investments quarterly and report its findings to the Finance and Administration Cabinet,~~[the Kentucky Racing Commission]~~ and the Legislative Research Commission.~~

~~{(3) The Backside Improvement Commission shall employ qualified personnel as may be required to assist the commission in carrying out the provisions of this section. These persons shall serve at the pleasure of the commission and compensation for personnel shall be fixed by the commission. The compensation of personnel and the necessary expenses incurred by the commission or by the committee in carrying out the provisions of this section shall be paid out of the backside improvement fund.}~~

(2){(4)} The purpose of the fund shall be to improve the backside of thoroughbred racing associations averaging one million two hundred thousand dollars (\$1,200,000) or less pari-mutuel handle per racing day on live racing. The **Kentucky Horse Racing Authority**~~[Backside Improvement Commission]~~ shall use the backside improvement fund to promote, enhance, and improve the conditions of the backside of eligible racing associations. Conditions considered shall include but not be limited to the living and working quarters of backside employees.

(3){(5)} The **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~ shall promulgate administrative regulations as may be necessary to carry out the provisions and purposes of this section.

Section 42. KRS 230.265 is amended to read as follows:

- (1) There is hereby created a panel, to be known as the Kentucky Equine Drug Research Council, to advise the **authority**~~[commission]~~ on the conduct of equine drug research and testing commissioned by the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~. The council shall consist of nine (9) members appointed by the Governor. It is recommended that the Governor appoint one (1) veterinarian from a list of three (3) submitted by the Kentucky Association of Equine Veterinarians, one (1) horseman from a list of three (3) submitted by the Kentucky division of the Horsemen's Benevolent and Protective Association, one (1) pharmacologist from a list of three (3) submitted by the University of Kentucky, one (1) thoroughbred breeder from a list of three (3) submitted by the Kentucky Thoroughbred Owners and Breeders, Inc., one (1) legislator from a list of three (3) submitted by the Legislative Research Commission, one (1) representative of a licensed racing association chosen by the Governor, one (1) member of the harness racing industry from a list of three (3) submitted by the chairman of the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~, one (1) member from a list of three (3) submitted by the Kentucky Harness Horsemen's Association, and one (1) member of the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~, from a list of three (3) submitted by the chairman of the **Kentucky Horse Racing Authority**~~[Kentucky Racing Commission]~~, to serve as chairman. The council shall meet at the call of the chairman, a majority of the council, or at the request of the **authority**~~[commission]~~. Members shall serve at the pleasure of their respective sponsoring organizations and shall receive no compensation for serving.
- (2) The Kentucky Equine Drug Research Council shall review equine drug research and testing research being conducted at the University of Kentucky or with state funds and shall review and report to the **authority**~~[commission]~~ on drug research and testing research being conducted elsewhere. The council shall advise the **authority**~~[commission]~~ and make recommendations for establishing an effective drug regulatory policy for Kentucky racing. In addition, the council shall report to the General Assembly any needed changes regarding the regulation of drugs in horse racing in the Commonwealth of Kentucky.

- (3) The *authority*~~[commission]~~ shall receive one-tenth of one percent (0.1%) of the total amount wagered and subject to the pari-mutuel tax levied in KRS 138.510. This money shall be deducted from the pari-mutuel tax levied in KRS 138.510 and shall be used in financing drug research and testing research in Kentucky and shall be in addition to any funds appropriated to the *authority*~~[commission]~~ for these purposes in the executive budget.

Section 43. KRS 230.750 is amended to read as follows:

The commission, including the tax levied in KRS 138.510, deducted from the gross amount wagered by the person, corporation, or association which operates a harness horse track under the jurisdiction of the *authority*~~[commission]~~ at which betting is conducted through a pari-mutuel or other similar system shall not exceed eighteen percent (18%) of the gross amount handled on straight wagering pools and twenty-five percent (25%) of the gross amount handled on multiple wagering pools, plus the breaks, which shall be made and calculated to the dime. Multiple wagering pools shall include daily double, perfecta, double perfecta, quinella, double 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, quarterhorse, Appaloosa, and Arabian 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 44. KRS 230.215 is amended to read as follows:

- (1) It is the policy of the Commonwealth of Kentucky, in furtherance of its responsibility to foster and to encourage legitimate occupations and industries in the Commonwealth and to promote and to conserve the public health, safety, and welfare, and it is hereby declared the intent of the Commonwealth to foster and to encourage the horse breeding industry within the Commonwealth and to encourage the improvement of the breeds of horses. Further, it is the policy and intent of the Commonwealth to foster and to encourage the business of legitimate horse racing with pari-mutuel wagering thereon in the Commonwealth on the highest possible plane. Further, it hereby is declared the policy and intent of the Commonwealth that all racing not licensed under this chapter is a public nuisance and may be enjoined as such. Further, it is hereby declared the policy and intent of the Commonwealth that the conduct of horse racing, or the participation in any way in horse racing, or the entrance to or presence where horse racing is conducted, is a privilege and not a personal right; and that this privilege may be granted or denied by the *authority*~~[commission]~~ or its duly approved representatives acting in its behalf.
- (2) It is hereby declared the purpose and intent of this chapter in the interest of the public health, safety, and welfare, to vest in the *authority*~~[commission]~~ forceful control of horse racing in the Commonwealth with plenary power to promulgate administrative regulations prescribing conditions under which all legitimate horse racing and wagering thereon is conducted in the Commonwealth so as to encourage the improvement of the breeds of horses in the Commonwealth, to regulate and maintain horse racing at horse race meetings in the Commonwealth of the highest quality and free of any corrupt, incompetent, dishonest, or unprincipled horse racing practices, and to regulate and maintain horse racing at race meetings in the Commonwealth so as to dissipate any cloud of association with the

undesirable and maintain the appearance as well as the fact of complete honesty and integrity of horse racing in the Commonwealth. In addition to the general powers and duties vested in the ~~authority~~~~commission~~ by this chapter, it is the intent hereby to vest in the ~~authority~~~~commission~~ the power to eject or exclude from association grounds or any part thereof any person, licensed or unlicensed, whose conduct or reputation is such that his presence on association grounds may, in the opinion of the ~~authority~~~~commission~~, reflect on the honesty and integrity of horse racing or interfere with the orderly conduct of horse racing.

Section 45. KRS 230.990 is amended to read as follows:

- (1) Any person who violates KRS 230.070 or KRS 230.080(3) shall be guilty of a Class D felony.
- (2) Any person who violates KRS 230.090 shall be guilty of a Class A misdemeanor.
- (3) Any person who violates KRS 230.680 shall be guilty of a Class A misdemeanor.
- (4) Any person who refuses to make any report or to turn over sums as required by KRS 230.361 to 230.373 shall be guilty of a Class A misdemeanor.
- (5) Any person failing to appear before the ~~authority~~~~commission~~ at the time and place specified in the summons issued pursuant to KRS 230.260(7), or refusing to testify, shall be guilty of a Class B misdemeanor. False swearing on the part of any witness shall be deemed perjury and punished as such.
- (6)
  - (a) A person is guilty of tampering with or interfering with a horse race when, with the intent to influence the outcome of a horse race, he uses any device, material, or substance not approved by the **Kentucky Horse Racing Authority**~~Kentucky Racing Commission~~ on or in any participant involved in or eligible to compete in a horse race to be viewed by the public.
  - (b) Any person who, while outside the Commonwealth and with intent to influence the outcome of a horse race contested within the Commonwealth, tampers with or interferes with any equine participant involved in or eligible to compete in a horse race in the Commonwealth is guilty of tampering with or interfering with a horse race.
  - (c) Tampering with or interfering with a horse race is a Class C felony.

Section 46. KRS 137.170 is amended to read as follows:

- (1) Every person engaged in the business of conducting a race meeting at which live horse races are run for stakes, purses, or prizes, under the jurisdiction of the **Kentucky Horse Racing Authority**~~Kentucky Racing Commission~~, shall pay a tentative license tax to the state, as provided in subsection (2) of this section.
- (2) Any race track for any year commencing December 1 and ending the following November 30 for the days upon which races are actually conducted for any stake, purse, or prize, shall pay a license tax based on the average daily mutuel handle for the preceding year as follows:

Average Daily Mutuel Handle	License Tax
\$0 - \$25,000	\$ 0
\$25,000 - \$250,000	\$ 175
\$250,001 - \$450,000	\$ 500

\$450,001 - \$700,000	\$1,000
\$700,001 - \$800,000	\$1,500
\$800,001 - \$900,000	\$2,000
\$900,001 and above	\$2,500

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

Section 47. KRS 138.480 is amended to read as follows:

Except for the conduct of harness racing at a county fair, each person entering the grounds or enclosure of any race track at which a live race meeting is being conducted under the jurisdiction of the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~, for the purpose of attending the races or for any other purpose connected therewith, shall pay a tax of fifteen cents (\$0.15) to the state, except as otherwise provided in this section. If tickets good for more than one (1) day are issued, the sum of fifteen cents (\$0.15) shall be paid by each person using such ticket on each day that it is used. No admission tax shall be collected from any of the employees of the race track, or any of the owners or trainers of horses, or jockeys, or their employees. The admission tax provided for in this section shall be collected by the race track from each person on entering the race track or enclosure on a paid or free admission. The race track shall account to and pay to the state the money so collected.

Section 48. KRS 138.510 is amended to read as follows:

- (1) Except for the conduct of harness racing at a county fair, an excise tax is imposed on all tracks conducting pari-mutuel racing under the jurisdiction of the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~. For each track with a daily average 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 during the fiscal year. A fiscal year as used in this subsection and subsection (3) of this section shall begin at 12:01 a.m. July 1 and end at 12 midnight June 30. For each track with a daily average handle under one million two hundred thousand dollars (\$1,200,000) the tax shall be an amount equal to one and one-half percent (1.5%) of all money wagered during the fiscal year. However, effective January 1, 2001, if a host track located in this state is the location for the conduct of a one (1) day international horse racing event that distributes in excess of a total of ten million dollars (\$10,000,000) in purses, an excise tax shall not be imposed on pari-mutuel wagering on live racing conducted that day at the race track. This tax exemption shall remain in effect for any succeeding one (1) day international horse racing event if the event returns within three (3) years of the previously-held event. For the purposes of this subsection, the daily average handle shall be computed from the amount wagered only at the host track on live racing and shall not include money wagered:
- (a) At a receiving track;
  - (b) At a simulcast facility;
  - (c) On telephone account wagering; or
  - (d) At a track participating as a receiving track or simulcast facility displaying simulcasts and conducting interstate wagering as permitted by KRS 230.3771 and 230.3773.

Money shall be deducted from the tax paid by host tracks and deposited to the respective development funds in the amount of three-quarters of one percent (0.75%) of the total live racing handle for thoroughbred racing and one percent (1%) of the total live handle for harness racing.

- (2) An excise tax is imposed on:
  - (a) All licensed tracks conducting telephone account wagering;
  - (b) All tracks participating as receiving tracks in intertrack wagering under the jurisdiction of the *Kentucky Horse Racing Authority*~~[Kentucky Racing Commission]~~; and
  - (c) All tracks participating as receiving tracks displaying simulcasts and conducting interstate wagering thereon.
- (3) The tax imposed in subsection (2) of this section shall be in the amount of three percent (3%) of all money wagered under subsection (2) of this section during the fiscal year. A noncontiguous track facility approved by the *Kentucky Horse Racing Authority*~~[Kentucky Racing Commission]~~ 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 subsection shall be retained by the noncontiguous track facility, KRS 230.3771 and 230.378 notwithstanding.
- (4) An amount equal to two percent (2%) of the amount wagered shall be deducted from the tax imposed in subsection (2) of this section and deposited as follows:
  - (a) If the money is deducted from taxes imposed under subsection (2)(a) and (b) of this section, it shall be deposited in the thoroughbred development fund if the host track is conducting a thoroughbred race meeting or the Kentucky standardbred, quarter horse, Appaloosa, and Arabian development fund, if the host track is conducting a harness race meeting; or
  - (b) If the money is deducted from taxes imposed under subsection (2)(c) of this section, to the thoroughbred development fund if interstate wagering is conducted on a thoroughbred race meeting or to the Kentucky standardbred, quarter horse, Appaloosa, and Arabian development fund, if interstate wagering is being conducted on a harness race meeting.
- (5) Two-tenths of one percent (0.2%) of the total amount wagered on live racing in Kentucky shall be deducted from the pari-mutuel tax levied in subsection (1) of this section, and one-twentieth of one percent (0.05%) of the total amount wagered on intertrack wagering shall be deducted for the pari-mutuel tax levied in subsection (2) of this section, and allocated to the equine industry program trust and revolving fund to be used for funding the equine industry program at the University of Louisville.
- (6) One-tenth of one percent (0.1%) of the total amount wagered in Kentucky shall be deducted from the pari-mutuel tax levied in subsections (1), (2), and (3) of this section and deposited to 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. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subsection shall not replace other funds for capital purposes or operation of equine programs at state universities. The Kentucky Council on Postsecondary

Education shall serve as the administrative agent and shall establish an advisory committee of interested parties, including all universities with established equine programs, to evaluate proposals and make recommendations for the awarding of funds. The Kentucky Council on Postsecondary Education may by administrative regulation establish procedures for administering the program and criteria for evaluating and awarding grants.

Section 49. KRS 138.530 is amended to read as follows:

- (1) The Revenue Cabinet shall enforce the provisions of and collect the tax and penalties imposed and other payments required by KRS 138.510 to 138.550, and in doing so it shall have the general powers and duties granted it in KRS Chapter 131 and KRS 135.050, including the power to enforce, by an action in the Franklin Circuit Court, the collection of the tax, penalties and other payments imposed or required by KRS 138.510 to 138.550.
- (2) The remittance of the tax imposed by KRS 138.510 shall be made weekly to the Revenue Cabinet no later than the fifth business day, excluding Saturday and Sunday, following the close of each week of racing, during each race meeting and accompanied by reports as prescribed by the cabinet. All funds received by the Revenue Cabinet shall be paid into the State Treasury and shall be credited to the general expenditure fund.
- (3) The supervisor of pari-mutuel betting appointed by the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ shall weekly, during each race meeting, report to the Revenue Cabinet the total amount bet or handled the preceding week and the amount of tax due the state thereon, under the provisions of KRS 138.510 to 138.550.
- (4) The supervisor of pari-mutuel betting appointed by the ***Kentucky Horse Racing Authority***~~[Kentucky Racing Commission]~~ or his duly authorized representatives shall, at all reasonable times, have access to all books, records, issuing or vending machines, adding machines, and all other pari-mutuel equipment for the purpose of examining and checking the same and ascertaining whether or not the proper amount or amounts due the state are being or have been paid.
- (5) Every person, corporation, or association required to pay the tax imposed by KRS 138.510 shall keep its books and records so as to clearly show by a separate record the total amount of money contributed to every pari-mutuel pool, including daily double pools, if any.

Section 50. KRS 138.550 is amended to read as follows:

In addition to all other penalties provided in KRS 138.510 to 138.540, when the pari-mutuel system of betting is operated at a track licensed under the provisions of KRS 137.170, said license may be suspended, revoked or renewal refused by the ***Kentucky Horse Racing Authority***~~[State Racing Commission]~~ upon the failure of the operator to comply with the provisions of KRS 138.510 to 138.540 or the rules and regulations promulgated by the Revenue Cabinet pursuant thereto even though the pari-mutuel system of betting and the track are operated by different persons, corporations or associations.

Section 51. KRS 18A.115 is amended to read as follows:

- (1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise all positions in the state service now existing or hereafter established, except the following:
  - (a) The General Assembly and employees of the General Assembly, including the employees of the Legislative Research Commission;



- (b) Officers elected by popular vote and persons appointed to fill vacancies in elective offices;
- (c) Members of boards and commissions;
- (d) Officers and employees on the staff of the Governor, the Lieutenant Governor, the Office of the secretary of the Governor's Cabinet, and the Office of Program Administration;
- (e) Cabinet secretaries, commissioners, office heads, and the administrative heads of all boards and commissions, including the executive director of Kentucky Educational Television and the executive director and deputy executive director of the Education Professional Standards Board;
- (f) Employees of Kentucky Educational Television who have been determined to be exempt from classified service by the Kentucky Authority for Educational Television, which shall have sole authority over such exempt employees for employment, dismissal, and setting of compensation, up to the maximum established for the executive director and his principal assistants;
- (g) One (1) principal assistant or deputy for each person exempted under subsection (1)(e) of this section;
- (h) One (1) additional principal assistant or deputy as may be necessary for making and carrying out policy for each person exempted under subsection (1)(e) of this section in those instances in which the nature of the functions, size, or complexity of the unit involved are such that the commissioner approves such an addition on petition of the relevant cabinet secretary or department head and such other principal assistants, deputies, or other major assistants as may be necessary for making and carrying out policy for each person exempted under subsection (1)(e) of this section in those instances in which the nature of the functions, size, or complexity of the unit involved are such that the board may approve such an addition or additions on petition of the department head approved by the commissioner;
- (i) Division directors subject to the provisions of KRS 18A.170. Division directors in the classified service as of January 1, 1980, shall remain in the classified service;
- (j) Physicians employed as such;
- (k) One (1) private secretary for each person exempted under subsection (1)(e), (g), and (h) of this section;
- (l) The judicial department, referees, receivers, jurors, and notaries public;
- (m) Officers and members of the staffs of state universities and colleges and student employees of such institutions; officers and employees of the Teachers' Retirement System; and officers, teachers, and employees of local boards of education;
- (n) Patients or inmates employed in state institutions;
- (o) Persons employed in a professional or scientific capacity to make or conduct a temporary or special inquiry, investigation, or examination on behalf of the General Assembly, or a committee thereof, or by authority of the Governor, and persons employed by state agencies for a specified, limited period to provide professional, technical, scientific, or artistic services under the provisions of KRS 45A.690 to 45A.725;

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

personnel systems. An employee who seeks reemployment in a state position under KRS Chapter 151B or KRS Chapter 18A shall have years of service in the Kentucky Community and Technical College System counted towards years of experience for calculating benefits and compensation.

- (7) On August 15, 2000, all certified and equivalent personnel, all unclassified personnel, and all certified and equivalent and unclassified vacant positions in the Department for Adult Education and Literacy shall be transferred from the personnel system under KRS Chapter 151B to the personnel system under KRS Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel system. All records shall be transferred including accumulated annual leave, sick leave, compensatory time, and service credit for each affected employee. The personnel officers who administer the personnel systems under KRS Chapter 151B and KRS Chapter 18A shall exercise the necessary administrative procedures to effect the change in personnel authority. No certified or equivalent employee in the Department for Adult Education and Literacy shall suffer any penalty in the transfer.
- (8) On August 15, 2000, secretaries and assistants attached to policymaking positions in the Department for Technical Education and the Department for Adult Education and Literacy shall be transferred from the personnel system under KRS Chapter 151B to the personnel system under KRS Chapter 18A. The positions shall be deleted from the KRS Chapter 151B system. All records shall be transferred including accumulated annual leave, sick leave, compensatory time, and service credit for each affected employee. No employee shall suffer any penalty in the transfer.

Section 52. KRS 528.110 is amended to read as follows:

- (1) Any person who, either for himself or as agent or employee of another, wagers money or anything of value on a horse race run or about to be run or advertised, posted or reported as being run at any race track in or out of this state, or who engages in the occupation of receiving, making, transmitting or negotiating, either in person or by messenger, telephone or telegraph, wagers on horse races run or about to be run or advertised, posted or reported as being run or about to be run at any race track in or out of the state, shall, except in the case of wagers made within the enclosure of a race track licensed by the ***Kentucky Horse Racing Authority***~~[state racing commission]~~ during an authorized race meeting at that track, or an enclosure during regular meetings in which running, trotting or pacing races are being conducted by associations regularly organized for that purpose, be guilty of a Class A misdemeanor.
- (2) In any prosecution under subsection (1) of this section, the state need not prove that the horse race upon which the wager was placed was actually run. Proof that the wager was made upon what purported to be or what was advertised, reported or understood to be a horse race shall be sufficient to establish a prima facie case for the state.

Section 53. KRS 15.380 is amended to read as follows:

- (1) The following officers employed or appointed as full-time, part-time, or auxiliary officers, whether paid or unpaid, shall be certified:
  - (a) State Police officers, but for the commissioner of the State Police;
  - (b) City, county, and urban-county police officers;
  - (c) Deputy sheriffs, except those identified in KRS 70.045 and 70.263(3);

- (d) State or public university safety and security officers appointed pursuant to KRS 164.950;
  - (e) School security officers employed by local boards of education who are special law enforcement officers appointed under KRS 61.902;
  - (f) Airport safety and security officers appointed under KRS 183.880;
  - (g) Department of Alcoholic Beverage Control field representatives and investigators appointed under KRS 241.090; and
  - (h) Division of Insurance Fraud Investigation investigators appointed under KRS 304.47-040.
- (2) The requirements of KRS 15.380 to 15.404 for certification may apply to all state peace officers employed pursuant to KRS Chapter 18A and shall, if adopted, be incorporated by the Department of Personnel for job specifications.
- (3) Additional training in excess of the standards set forth in KRS 15.380 to 15.404 for all peace officers possessing arrest powers who have specialized law enforcement responsibilities shall be the responsibility of the employing agency.
- (4) The following officers may, upon request of the employing agency, be certified by the council:
- (a) Deputy coroners;
  - (b) Deputy constables;
  - (c) Deputy jailers;
  - (d) Deputy sheriffs under KRS 70.045 and 70.263(3);
  - (e) Officers appointed under KRS 61.360;
  - (f) Officers appointed under KRS 61.902, except those who are school security officers employed by local boards of education;
  - (g) Private security officers;
  - (h) Employees of a correctional services division created pursuant to KRS 67A.028 and employees of a metropolitan correctional services department created pursuant to KRS 67B.010 to 67B.080; and
  - (i) Investigators employed by the Division of Charitable Gaming in accordance with KRS 238.510.
- (5) The following officers shall be exempted from the certification requirements but may upon their request be certified by the council:
- (a) Sheriffs;
  - (b) Coroners;
  - (c) Constables;
  - (d) Jailers;
  - (e) ***Kentucky Horse Racing Authority***~~[Racing Commission]~~ security officers employed under KRS 230.240; and
  - (f) Commissioner of the State Police.

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

Section 54. KRS 230.443 is amended to read as follows:

~~{No }Quarter *horses, Appaloosas, and Arabian horses*{horse or Appaloosa} foaled by artificial insemination *or other means* shall be eligible to race under the provisions of this chapter[, but Arabian horses foaled by artificial insemination shall be eligible to race under the provisions of this chapter].~~

Section 55. Notwithstanding any provision of KRS Chapter 13A, all administrative regulations in effect on the effective date of this Act pursuant to the statutory authority granted to an agency affected by the provisions of this Act shall remain in effect as they exist on the effective date of this Act until the agency amends or repeals the administration regulation pursuant to KRS Chapter 13A. The regulations compiler shall change the appropriate administrative regulations in accordance with the provisions of this Act. The agencies affected by the provisions of this Act shall provide a listing of the administrative regulations that require any changes to the regulations compiler.

Section 56. In order to reflect the reorganization effectuated by this Act, the reviser of statutes shall replace references in the Kentucky Revised Statutes to the agencies, subagencies, and officers affected by this Act with references to the appropriate successor agencies, subagencies, and officers established by this Act. The reviser of statutes shall base these actions on the functions assigned to the new entities by this Act and may consult with officers of the affected agencies, or their designees, to receive suggestions.

Section 57. Any provision of law to the contrary notwithstanding, the General Assembly hereby confirms Governor's Executive Order 2003-858, dated August 20, 2003, to the extent not otherwise confirmed or superseded by this Act. This order abolished the Backside Improvement Commission established under the provisions of KRS 230.218. All personnel, files, equipment and funds heretofore assigned to the Backside Improvement Commission are hereby transferred to the Kentucky Horse Racing Authority. The Kentucky Horse Racing Authority shall also be responsible for carrying out the rights, duties, and function of the Backside Improvement Commission as set forth in KRS 230.218 as well as other statutory provisions relating thereto.

Section 58. Any provision of law to the contrary notwithstanding, the General Assembly hereby confirms Governor's Executive Order 2004-030, dated January 6, 2004, to the extent not otherwise confirmed or superseded by this Act. This order abolished the Kentucky Racing Commission and its membership and established the Kentucky Horse Racing Authority. The initial membership of the Kentucky Horse Racing Authority shall consist of those individuals appointed by the Governor in Executive Order 2004-030, and the terms of those individuals shall expire on the dates set out in that order.

**Approved April 22, 2004**