

CHAPTER 234**(HB 453)**

AN ACT relating to the horse breeding industry and declaring an emergency.

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

Section 1. KRS 230.443 is amended to read as follows:

Quarter horses, Appaloosas, and Arabian horses ~~conceived~~~~[foaled]~~ by artificial insemination or other means shall be eligible to race under the provisions of this chapter.

Section 2. KRS 230.804 is amended to read as follows:

- (1) There is hereby created in the State Treasury a trust and revolving fund designated as the "Kentucky horse breeders incentive fund." The fund shall be administered by the Kentucky Horse Racing Authority. For tax periods beginning on or after June 1, 2005, seven percent (7%) of all receipts collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall be deposited in the fund together with any other money contributed, appropriated or allocated to the fund from all other sources. The money deposited in the fund is hereby appropriated for the uses set forth in this section. Any money remaining in the fund at the close of any calendar year shall not lapse but shall be carried forward to the next calendar year. The fund may also receive additional state appropriations, gifts, grants, and federal funds. All interest earned on money in the fund shall be credited to the fund.
- (2)
 - (a) The Kentucky Horse Racing Authority shall use moneys deposited in the Kentucky horse breeders incentive fund to administer the fund and provide rewards for breeders *or owners* of horses bred and foaled in Kentucky.
 - (b) By January 1, 2006, the Kentucky Horse Racing Authority shall promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund.
 - (c) The Department of Revenue may promulgate administrative regulations establishing the procedures necessary to determine the correct allocation of sales tax receipts described in subsection (1) of this section.
 - (d) As soon as practicable after the close of each calendar year, beginning with the calendar year ending December 31, 2005, the authority shall disburse to breeders of horses moneys in the Kentucky horse breeders incentive fund *to be used to promote, enhance, improve, and encourage the further and continued development of the horse industry in Kentucky, under*~~[pursuant to]~~ the administrative regulations promulgated pursuant to paragraph (b) of this subsection.

Section 3. 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, 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 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 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.
 - (a) The authority 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 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.
- (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 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 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. ***Registration of stallions standing within Kentucky may occur any time during the breeding season and shall occur no later than July 1 of each year.***
- (6) The Kentucky Horse Racing Authority 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 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 and compensation shall be fixed by the authority. The compensation of personnel and necessary expenses shall be paid out of the development fund. The authority 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 4. This Act shall be known as the 2006 Kentucky Equine Competitiveness Act.

Section 5. Whereas it is essential that the racing industry's status as the Commonwealth's signature industry be maintained and that the Commonwealth's competitive edge be enhanced by the generation of larger purses, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Approved April 22, 2006.