

## CHAPTER 57

## (HB 347)

AN ACT relating to the Kentucky quarter horse, appaloosa, and Arabian development fund and making an appropriation therefor.

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

➔Section 1. KRS 138.510 is amended to read as follows:

- (1) (a) Except as provided in paragraphs (b) and (d) of this subsection, an excise tax is imposed on all tracks conducting pari-mutuel wagering on live racing under the jurisdiction of the authority.
1. For each track with a daily average live handle of one million two hundred thousand dollars (\$1,200,000) or above, the tax shall be in the amount of three and one-half percent (3.5%) of all money wagered on live races at the track during the fiscal year.
  2. For each track with a daily average live handle under one million two hundred thousand dollars (\$1,200,000), the tax shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.
- (b) 1. If:
- a. A track located in this state is the host track for a live one (1) or two (2) day international horse racing event in 2010 that distributes in excess of a total of fifteen million dollars (\$15,000,000) in purses during the international horse racing event; and
  - b. ***On or before November 4, 2010***, the organization responsible for selecting the location of the same international horse racing event in subsequent years contractually agrees to conduct the international horse racing event at a host track in this state in calendar year 2011 or 2012 or calendar years 2011 and 2012;
- then the excise tax imposed by paragraph (a) of this subsection shall not be imposed on pari-mutuel wagering on any live racing conducted during the one (1) or two (2) day international horse racing event held at a host track within this state in calendar years 2010 through 2012.
2. Beginning January 1, 2013, if the requirements of subparagraph 1. of this paragraph are satisfied, the tax exemption established by subparagraph 1. of this paragraph shall remain in effect for any succeeding one (1) or two (2) day international horse racing event if the event returns within three (3) years of a previously-held international horse racing event.
  3. A minimum of five hundred thousand dollars (\$500,000) of the amount that would have been paid to the Commonwealth but for the exemption provided by this paragraph shall be used by the host track to fund undercard races during each international horse racing event.
  4. ***Notwithstanding paragraph (c) of this subsection, if the requirements of subparagraph 1.a. of this paragraph are satisfied but the requirements of subparagraph 1.b. of this paragraph are not, then the excise tax imposed by paragraph (a) of this subsection shall be imposed on pari-mutuel wagering on any live racing conducted during the one (1) or two (2) day international horse racing event and the total amount of revenue collected shall be distributed as follows:***
    - a. ***Eighty percent (80%) shall be deposited into the thoroughbred development fund established in KRS 230.400;***
    - b. ***Thirteen percent (13%) shall be deposited into the standardbred development fund established in KRS 230.770; and***
    - c. ***Seven percent (7%) shall be deposited into the Kentucky quarter horse, appaloosa, and Arabian development fund established in Section 4 of this Act.***
- (c) Money shall be deducted from the tax paid under paragraph (a) of this subsection and deposited as follows:

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1. An amount equal to three-quarters of one percent (0.75%) of all money wagered on live races at the track for thoroughbred racing shall be deposited in the thoroughbred development fund established in KRS 230.400;
2. An amount equal to one percent (1%) of all money wagered on live races at the track for harness racing shall be deposited in the Kentucky standardbred~~[quarter horse, Appaloosa, and Arabian]~~ development fund established in KRS 230.770;
3. ***An amount equal to one percent (1%) of all money wagered on live races at the track for quarter horse, appaloosa, and Arabian horse racing shall be deposited in the Kentucky quarter horse, appaloosa, and Arabian development fund established by Section 4 of this Act.***
4. An amount equal to two-tenths of one percent (0.2%) of all money wagered on live races at the track shall be deposited in the equine industry program trust and revolving fund established by KRS 230.550 to support the Equine Industry Program at the University of Louisville;
- 5.~~[4.]~~ a. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities.
  - b. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subparagraph shall not replace other funds for capital purposes or operation of equine programs at state universities.
  - c. 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.
  - d. The Kentucky Council on Postsecondary Education may promulgate administrative regulations to establish procedures for administering the program and criteria for evaluating and awarding grants; and
- 6.~~[5.]~~ An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races shall be distributed to the authority to support equine drug testing as provided in KRS 230.265(3).
- (d) The excise tax imposed by paragraph (a) of this subsection shall not apply to pari-mutuel wagering on live harness racing at a county fair.
- (2) (a) Except as provided in paragraphs (c) and (d) of this subsection, an excise tax is imposed on:
  1. All tracks conducting telephone account wagering;
  2. All tracks participating as receiving tracks in intertrack wagering under the jurisdiction of the authority; and
  3. All tracks participating as receiving tracks displaying simulcasts and conducting interstate wagering thereon.
- (b) The tax shall be three percent (3%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.
- (c) A noncontiguous track facility approved by the authority on or after January 1, 1999, shall be exempt from the tax imposed under this subsection, if the facility is established and operated by a licensed track which has a total annual handle on live racing of two hundred fifty thousand dollars (\$250,000) or less. The amount of money exempted under this paragraph shall be retained by the noncontiguous track facility, KRS 230.3771 and 230.378 notwithstanding.
- (d) ***1.*** A track located in this state shall be exempt from the excise tax imposed by paragraph (b) of this subsection on wagers placed on all races conducted at a one (1) or two (2) day international horse racing event if:
  - a.~~[1.]~~ The international horse racing event is conducted at a host track in this state; and
  - b.~~[2.]~~ The host track is exempt from the excise tax during the international horse racing event under subsection (1)(b) of this section.

2. *Notwithstanding paragraph (e) of this subsection, if the host track is not exempt and is taxed pursuant to subsection (1)(b)4. of this section, then the excise tax imposed by paragraphs (a) and (b) of this subsection shall be imposed on wagers placed on all races conducted at the one (1) or two (2) day international horse racing event and the total amount of revenue collected shall be distributed as follows:*
- a. *Eighty percent (80%) shall be deposited into the thoroughbred development fund established in KRS 230.400;*
  - b. *Thirteen percent (13%) shall be deposited into the standardbred development fund established in KRS 230.770; and*
  - c. *Seven percent (7%) shall be deposited into the Kentucky quarter horse, appaloosa, and Arabian development fund established in Section 4 of this Act.*
- (e) Money shall be deducted from the tax paid under paragraphs (a) and (b) of this subsection as follows:
1. An amount equal to two percent (2%) of the amount wagered shall be deposited as follows:
    - a. In the thoroughbred development fund established in KRS 230.400 if the host track is conducting a thoroughbred race meeting or the interstate wagering is conducted on a thoroughbred race meeting;~~{or}~~
    - b. In the Kentucky standardbred~~{, quarter horse, Appaloosa, and Arabian}~~ development fund established in KRS 230.770, if the host track is conducting a harness race meeting or the interstate wagering is conducted on a harness race meeting; *or*
    - c. *In the Kentucky quarter horse, appaloosa, and Arabian development fund established by Section 4 of this Act, if the host track is conducting a quarter horse, appaloosa, or Arabian horse race meeting or the interstate wagering is conducted on a quarter horse, appaloosa, or Arabian horse race meeting;*
  2. An amount equal to one-twentieth of one percent (0.05%) of the amount wagered shall be allocated to the equine industry program trust and revolving fund established by KRS 230.550 to be used to support the Equine Industry Program at the University of Louisville;
  3. An amount equal to one-tenth of one percent (0.1%) of the amount wagered shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities, as detailed in subsection (1)(c)5.~~{4.}~~ of this section; and
  4. An amount equal to one-tenth of one percent (0.1%) of the amount wagered shall be distributed to the authority to support equine drug testing as provided in KRS 230.265(3).
- (3) The taxes imposed by this section shall be paid, collected, and administered as provided in KRS 138.530.

➔Section 2. KRS 230.3771 is amended to read as follows:

- (1) A thoroughbred track licensed to conduct thoroughbred racing may receive interstate simulcasts of thoroughbred, *quarter horse, appaloosa, and Arabian* 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 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. The accounting shall be submitted in the same format and at the same time that the report for intertrack wagering is submitted.
- (i) If the only simulcast or simulcasts a track participating as a host track makes available for interstate wagering through this state's intertrack wagering system on any race day are thoroughbred horse races designated as graded stakes races by the Graded Stakes Committee of the Thoroughbred Owners and Breeders Association, Inc., then the commission of the receiving track on these interstate wagers shall be split as prescribed by KRS 230.378(3); otherwise, the commission of the receiving track shall be split as prescribed by paragraph (j) of this subsection. Interstate simulcasts received by a thoroughbred host track under the conditions set forth in this paragraph shall not be subject to the conditions set forth in paragraphs (b), (c), (e), and (f) of this subsection.
- (j) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:
  1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;
  2. Twenty-five percent (25%) to the thoroughbred host track designated by paragraphs (a) and (e) of this subsection. However, if the race does not occur between the first awarded day of a live meet and the last awarded day of the same live meet, an additional twenty-five percent (25%) shall be retained by the receiving track where the interstate wagering occurs;
  3. Twenty-five percent (25%) to the purse program of the receiving track where the interstate wagering occurs; and
  4. Twenty-five percent (25%) to the purse program of the thoroughbred host track designated by paragraphs (a) and (e) of this subsection. However, if the race does not occur between the first awarded day of a live meet and the last awarded day of the same live meet, then an additional twenty-five percent (25%) shall be paid to the purse program of the receiving track where the interstate wagering occurs.

- (k) A simulcast facility's commission on interstate wagering on thoroughbred racing, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as provided in KRS 230.380(9).
- (2) A harness track licensed to conduct harness racing may receive interstate simulcasts of harness horse, *quarter horse, appaloosa and Arabian horse* races and conduct interstate wagering thereon subject to the following limitations:
- (a) A harness receiving track may receive interstate simulcasts of harness races, ~~and~~ quarter horse races, *appaloosa races and Arabian horse races*, and conduct interstate wagering thereon at any time of day and during the course of any live harness horse race meet conducted in the Commonwealth of Kentucky so long as the harness receiving track conducting interstate wagering remits to the harness host track conducting a live meet, from the first awarded day of its live meet through the last awarded day of the same live meet, the amounts provided in paragraph (j) of this subsection.
  - (b) A harness host track which receives an interstate simulcast and conducts interstate wagering thereon during its live race meet shall offer the simulcasts to all thoroughbred receiving tracks not subject to the provisions of KRS 230.377(2), all harness tracks, and all simulcast facilities through the intertrack wagering system.
  - (c) Except as otherwise prohibited by law, a harness receiving track or a simulcast facility shall conduct intertrack wagering on all live races of a harness host track on any day it receives an interstate simulcast from a harness host track.
  - (d) No host track shall require that any receiving track or simulcast facility receive the interstate simulcast.
  - (e) If more than one (1) harness track conducts live racing at the same time on the same day, no track or simulcast facility may receive an interstate simulcast on harness races unless all harness tracks conducting live racing at that time of day agree upon the interstate simulcast to be received and the division of the harness host track's commission. If more than one (1) harness track conducts live racing at different times on the same day, the harness host track with the highest average daily handle, based on the preceding year, shall be the host track for purposes of splitting the commissions earned on interstate wagering at receiving tracks within the Commonwealth. For purposes of this subsection, average daily handle includes live handle, intertrack wagering handle, and simulcast facility handle. Also for purposes of this subsection, the time of day during which a host track conducts live racing commences with its first published post time and conclude ten (10) minutes after the published post time of its last race of the day, regardless of actual post times.
  - (f) Each harness track which desires to conduct interstate wagering pursuant to the provisions of this subsection shall during each year make application to the authority 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. 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, *appaloosa*, and *Arabian horse* races and conduct interstate wagering thereon, subject to the limitations stated in paragraph (b) of this subsection.
- (b) A receiving track's commission on interstate wagering, after deduction of applicable taxes and any amounts required to be paid by contract to the track from which the interstate simulcast originated, shall be split as follows:
1. Twenty-five percent (25%) to the receiving track where the interstate wagering occurs;
  2. Twenty-five percent (25%) to the host track; and
  3. Fifty percent (50%) to the *Kentucky quarter horse, appaloosa, and Arabian development fund established by Section 4 of this Act* ~~[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, *appaloosa*, and *Arabian horse* races in this state.
- (5) (a) A harness track licensed to conduct horse racing may receive interstate simulcasts of quarter horse, *appaloosa*, and *Arabian 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, *appaloosa*, or *Arabian horse* race is run at a Kentucky race track, the commission to the Kentucky *quarter horse, appaloosa, and Arabian development fund established by Section 4 of this Act* ~~[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, *appaloosa, or Arabian horse* races.

➔ 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 registered with the Kentucky Horse Racing Authority.
- ~~(3)(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 (2) and three (3) 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.]~~
- ~~(4)(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.
- ~~(5)(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.]~~
- ~~(6)(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 *February 1*~~[July 1]~~ of each year.
- ~~(7)(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. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO READ AS FOLLOWS:

- (1) *There is hereby created a trust and revolving fund for the Kentucky Horse Racing Authority designated the Kentucky quarter horse, appaloosa, and Arabian development fund, consisting of money allocated to the fund under the provisions of Section 2 of this Act 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 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. Notwithstanding KRS 45.229, money to the credit of the fund at the end of the fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year. Interest earnings of the fund shall become a part of the fund and shall not lapse. Moneys in the fund shall be used and are hereby appropriated for purposes specified in this section.*
- (2) *The Kentucky Horse Racing Authority shall use the development fund to promote races and to provide purses for races for horses bred and foaled in the Commonwealth. The commission shall provide for distribution of money to the credit of the development fund to persons, corporations, or associations operating licensed tracks within Kentucky conducting quarter horse, appaloosa, or Arabian horse racing, on an equitable basis as determined by the authority and in conformance with subsection (3) of this section.*
- (3) *The Kentucky Horse Racing Authority shall:*
  - (a) *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 track;*
  - (b) *Fix the dates and conditions of races to be held by licensed tracks; and*
  - (c) *Promulgate administrative regulations necessary to carry out the provisions of this section.*

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

*The personnel shall serve at the pleasure of the authority and compensation shall be fixed by the authority with the compensation and necessary expenses of the personnel paid from the development fund.*
- (5) *The authority shall promulgate administrative regulations to carry out the provisions of this section and shall administer the Kentucky quarter horse, appaloosa, and Arabian development fund in a manner designed to:*
  - (a) *Promote and aid in the development of the horse industry in Kentucky;*
  - (b) *Upgrade the quality of racing in Kentucky; and*
  - (c) *Improve the quality of horses bred in Kentucky.*

Signed by Governor April 6, 2010.