

CHAPTER 106**(SB 26)**

AN ACT relating to the use of funds generated by horse racing, making an appropriation therefor, and declaring an emergency.

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

➔Section 1. KRS 230.265 is amended to read as follows:

- (1) (a) There is hereby created a panel, to be known as the Kentucky Equine Drug Research Council, to advise the racing commission on the conduct of equine drug research and testing commissioned by the Kentucky Horse Racing Commission.
- (b) The council shall consist of nine (9) members appointed by the Governor. It is recommended that the Governor appoint one (1) person from each of the following groups, organizations, or professions:
 1. A veterinarian, selected from a list of three (3) submitted by the Kentucky Association of Equine Veterinarians;
 2. A horseman, selected from a list of three (3) submitted by the Kentucky division of the Horsemen's Benevolent and Protective Association;
 3. A pharmacologist, selected from a list of three (3) submitted by the University of Kentucky;
 4. A Thoroughbred breeder, selected from a list of three (3) submitted by the Kentucky Thoroughbred Owners and Breeders, Inc.;
 5. A legislator, selected from a list of three (3) submitted by the Legislative Research Commission;
 6. A representative of a licensed racing association, chosen by the Governor;
 7. A member of the harness racing industry, selected from a list of three (3) submitted by the chairman of the Kentucky Horse Racing Commission;
 8. A member selected from a list of three (3) submitted by the Kentucky Harness Horsemen's Association; and
 9. A member of the Kentucky Horse Racing Commission, selected from a list of three (3) submitted by the chairman of the Kentucky Horse Racing Commission, to serve as chairman.
- (c) The council shall meet at the call of the chairman, a majority of the council, or at the request of the racing 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:
 - (a) Review equine drug research and testing research being conducted at the University of Kentucky, or with state funds;
 - (b) Review and report to the racing commission on drug research and testing research being conducted elsewhere;
 - (c) Advise the racing commission and make recommendations for establishing an effective drug regulatory policy for Kentucky racing; and
 - (d) Report to the General Assembly any needed changes regarding the regulation of drugs in horse racing in the Commonwealth of Kentucky.
- (3) (a) The funds received by the racing commission pursuant to KRS 138.510 shall be used ~~in Kentucky~~ for financing:
 1. Drug research;~~;~~
 2. Testing research;~~;~~
 3. Equine medical research; ~~and~~

4. Equine health research issues; ~~and~~
 5. Any regulatory or administrative activity of the racing commission that is related to the research and issues described in *subparagraphs 1. to 4. of this paragraph*. Any expenditure under this subsection shall relate to the racing industry in Kentucky.
- (b) *In authorizing expenditures, the council and the racing commission shall give funding priority to the activities described in this subsection which will take place, or are proposed to take place, in Kentucky over similar activities taking place outside Kentucky. However, expenditures under this subsection in furtherance of activities taking place outside Kentucky may be approved if the council and the racing commission determine that those expenditures will contribute to improvement in Kentucky's racing industry and to the development of a useful knowledge base relating to the subjects expressed in paragraph (a)1. to 5. of this subsection.*
- (c) The money received under this subsection shall be in addition to any funds appropriated to the racing commission for these purposes in the executive budget.

➔ Section 2. KRS 230.400 is amended to read as follows:

- (1) There is hereby created a trust and revolving fund for the Kentucky Horse 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 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 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 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 Commission. If any member other than the racing commission member has not been recommended for appointment by July 1 of each year, the chairman of the Kentucky Horse 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 Commission in the development of the supplemental purse program provided herein for Kentucky bred thoroughbreds, shall make recommendations to the racing 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 Commission shall employ qualified personnel as may be required to assist the racing commission and the advisory committee in carrying out the provisions of this section. These persons shall serve at the pleasure of the racing commission and compensation for these personnel shall be fixed by the racing commission. The compensation of these personnel and the necessary expenses incurred by the racing 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 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, *nonclaiming maiden races*, and *allowance optional claiming races for a claiming price of not less than twenty-five thousand dollars (\$25,000)*~~(nonclaiming maiden races)~~ contested at licensed Thoroughbred race meetings in Kentucky. *The Kentucky Horse Racing Commission shall, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish the requirements, conditions, and procedures for*~~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 *accordance*~~(accord)~~ with the terms of this section and any administrative regulations promulgated by the Kentucky Horse 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 racing 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 racing commission, within thirty (30) days of such failure or refusal of the registrar, petition seeking registration of the Thoroughbred. The racing 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 racing commission.

- (7) The Kentucky Horse 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 3. Whereas the Kentucky horse racing industry is a crucial part of the state economy and significant racing occurs early in the year, an emergency is declared to exist, and Section 2 of this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor April 10, 2014.