

**STATEMENT OF EMERGENCY
810 KAR 6:001E**

This emergency regulatory amendment is promulgated to meet an imminent threat to public health, safety, or welfare, and to prevent a loss of state funds. On February 11, 2021, the Kentucky General Assembly passed SB 120, which enacted numerous changes to pari-mutuel wagering in Kentucky, particularly as it relates to historical horse racing. This administrative regulation is filed on an emergency basis to ensure compliance with that statute, which will allow the Kentucky Horse Racing Commission (“KHRC”) to continue to regulate pari-mutuel wagering. Additionally, this regulation is filed on an emergency basis to ensure continued regulatory authority over pari-mutuel wagering in Kentucky. The KHRC began migrating its regulations from Title 811 on September 9, 2020. Due to the Supreme Court’s opinion in Family Trust Foundation v. Kentucky Horse Racing Commission, No. 2018-SC-0630 (Sept. 24, 2020) and the passage of SB 120, those regulations became obsolete. Therefore, the migration must take place in emergency regulations. Otherwise, the pending regulations will expire, and pari-mutuel wagering will not be regulated. This would cause a loss of state funds, and would also negatively impact the public welfare by endangering jobs. This emergency regulation will be replaced by an ordinary administrative regulation. The ordinary administrative regulation is not identical to this emergency administrative regulation.

ANDY BESHEAR, Governor
KERRY B. HARVEY, Secretary

**PUBLIC PROTECTION CABINET
Kentucky Horse Racing Commission
(Emergency Amendment)**

810 KAR 6:001E. Definitions for 810 KAR Chapter 6.

EFFECTIVE: February 25, 2021

RELATES TO: KRS Chapter 230

STATUTORY AUTHORITY: KRS 230.215(2), ~~[230.225(5),]~~ 230.260(8), 230.361(1), 230.370

NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215(2) authorizes the Kentucky Horse Racing Commission to regulate conditions under which horse~~[thoroughbred]~~ racing shall be conducted in Kentucky. KRS 230.260(8) authorizes the commission to prescribe necessary and reasonable administrative regulations and conditions under which horse racing at a horse race meeting shall be conducted in this state. KRS 230.361(1) requires the commission to promulgate administrative regulations governing and regulating pari-mutuel ~~[mutuel]~~ wagering on horse races under the pari-mutuel system of wagering. This administrative regulation defines the terms used in 810 KAR Chapter 6~~[4]~~.

Section 1. Definitions.

(1) "Added money" means cash, exclusive of trophy or other award, added by the association to stakes fees paid by subscribers to form the total purse for a stakes race.

(2) "Age" means the number of years since a horse was foaled, reckoned as if the horse was foaled on January 1 of the year in which the horse was foaled.

(3) "Appaloosa horse" means a horse duly registered with the Appaloosa Horse Club, Inc., Moscow, Idaho.

(4) "Appaloosa racing" is defined by KRS 230.210(3).

(5) "Arabian horse" means a horse duly registered with the Arabian Horse Club Registry of America.

~~(6)[(3)]~~ "Arrears" means all sums due by a licensee as reflected by his or her account with the horsemen's bookkeeper, including subscriptions, jockey fees, forfeitures, and any default incident to 810 KAR Chapter 6[4].

~~(7)[(4)]~~ "Association" is defined by KRS 230.210(5).

~~(8)[(5)]~~ "Authorized agent" means any person currently licensed as an agent for a licensed owner or jockey by virtue of notarized appointment of agency filed with the commission.

~~(9)[(6)]~~ "Betting interest" means a single horse, or more than one (1) horse joined as a mutuel entry or joined in a mutuel field, on which a single pari-mutuel wager may be placed.

~~(10)[(7)]~~ "Bleeder" means any horse known to have bled internally or from its nostrils during a workout or race.

~~(11)[(8)]~~ "Breakage" means the net pool minus payout.

~~(12)[(9)]~~ "Breeder" means the owner of the dam of a horse when the horse was foaled. A horse is "bred" at the place of its foaling.

~~(13)[(10)]~~ "Calendar days" means consecutive days counted irrespective of number of racing days.

~~(14) [(11)]~~- "Carryover" means nondistributed pool monies which are retained and added to a corresponding pool in accordance with 810 KAR 6:020.

~~(15) [(12)]~~ "Claiming race" means any race in which every horse running in the race may be transferred in conformity with 810 KAR 4:050.

~~(16)[(13)]~~- "Closing" means the time published by the association after which entries for a race will not be accepted by the racing secretary.

~~(17)[(14)]~~ "Commission" means:

(a) The Kentucky Horse Racing Commission if used in the context of the administrative agency governing horse racing and pari-mutuel wagering; and

(b) If used in the context of pari-mutuel wagering, the amount an association is authorized to withhold from a pari-mutuel wager pursuant to KRS 230.3615.

~~(18)[(15)]~~ "Day" means any twenty-four (24) hour period beginning at 12:01 a.m. and ending at midnight.

~~(19)[(16)]~~ "Dead heat" means a finish of a race in which the noses of two (2) or more horses reach the finish line at the same time.

~~(20)[(17)]~~ "Declaration" means the withdrawal of a horse entered in a race prior to time of closing of entries for the race in conformance with 810 KAR Chapter 6[4].

~~(21)[(18)]~~ "Designated area" means any enclosed area that the commission has approved for the location of terminals used for wagering on ~~[an]~~ historical horse ~~[race]~~ aces.

~~(22)[(19)]~~ "Disciplinary action" means action taken by the stewards or the commission for a violation of KRS Chapter 230 or KAR Title 810~~[-or Title 811]~~ and can include:

(a) Refusal to issue or renew a license;

(b) Revocation or suspension of a license;

(c) Imposition of probationary conditions on a license;

(d) Issuance of a written reprimand or admonishment;

(e) Imposition of fines or penalties;

(f) Denial of purse money;

(g) Forfeiture of purse money; or

(h) Any combination of paragraphs (a) through (g) of this subsection.

~~(23)[(20)]~~ "Disqualification" means a ruling of the stewards or the commission revising the order of finish of a race.

(24) "Driver" means a person who is licensed to drive a horse in a harness race.

(25)[(21)] "Entry" means the act of nominating a horse for a race in conformance with KAR Title 810.

(26)[(22)] "Equipment" means accoutrements other than ordinary saddle, girth, pad, saddle cloth, and bridle carried by a horse, and includes whip, blinkers, tongue strap, muzzle, hood, noseband, bit, shadow roll, martingale, breast plate, bandages, boots, and racing plates or shoes.

(27)[(23)] "Exhibition race" means a race between horses of diverse ownership for which a purse is offered by the association, but on which no pari-mutuel wagering is permitted.

(28)[(24)] "Exotic wager" means any pari-mutuel wager placed on a live or historical horse race or races other than a win, place, or show wager placed on a live horse race.

(29)[(25)] "Field" or "mutuel field" means a single betting interest involving more than one (1) horse that is not a mutuel entry.

(30)[(26)] "Forfeit" means money due by a licensee because of an error, fault, neglect of duty, breach of contract, or alternative ruling of the stewards or the commission.

(31)[(27)] "Free handicap" means a handicap for which no nominating fee is required to be weighted, but an entrance or starting fee may be required for starting in the race.

(32)[(28)] "Handicap race" means a race in which the weights to be carried by the horses are assigned by the association handicapper with the intent of equalizing the chances of winning for all horses entered in the race.

(33)[(29)] "Handle" means the aggregate of all pari-mutuel pools, excluding refundable wagers.

(34)[(30)] "Historical horse race" means any horse race that:

(a) Was previously run at a licensed pari-mutuel facility located in the United States;

(b) Concluded with official results; and

(c) Concluded without scratches, disqualifications, or dead-heat finishes.

(35)[(31)] "Horse" means any equine (including and designated as a mare, filly, stallion, colt, ridgeling, or gelding)~~a thoroughbred registered with The Jockey Club irrespective of age or sex designation~~.

(36)[(32)] "Ineligible" means a horse or person not qualified under 810 KAR Chapter 6[4] or conditions of a race to participate in a specified racing activity.

(37)[(33)] "Initial seed pool" means a nonrefundable pool of money funded by an association in an amount sufficient to ensure that a patron will be paid the minimum amount required on a winning wager on an historical horse race.

(38)[(34)] "Jockey" means a rider currently licensed to ride in races other than harness races as a jockey, apprentice jockey, amateur jockey, or a provisional jockey permitted by the stewards to ride in three (3) races prior to applying for a license.

(39) "Judge" means a duly appointed racing official with powers and duties specified in 810 KAR 2:050 serving at a current meeting in the Commonwealth.

(40)[(35)] "Lessee" means a licensed owner whose interest in a horse is a leasehold.

(41)[(36)] "Licensed premises" means:

(a) For facilities in operation as of 2010, the~~The~~ location and physical plant described in ~~[response to question P of]~~ the "Commonwealth of Kentucky Initial/Renewal Application for License to Conduct Live Horse Racing, Simulcasting, and Pari-Mutuel Wagering" filed for racing to be conducted in 2010;

(b) Real property of an association, if the association receives approval from the commission after 2010 for a new location at which live racing will be conducted; or

(c) One (1) facility or real property that is:

1. Owned, leased, or purchased by a licensed association within a sixty (60) mile radius of the association's track but not contiguous to track premises, upon commission approval; and

2. ~~Not~~~~For purposes of paragraphs (b) and (c) of this subsection, 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 of simulcast facility agrees in writing to permit a noncontiguous facility within the protected geographic area.

(42)~~(37)~~ "Licensee" means an individual, firm, association, partnership, corporation, trustee, or legal representative that has been duly issued a currently valid license to participate in racing in the Commonwealth.

(43)~~(38)~~ "Maiden" means a horse which has never won a race on the flat at a recognized meeting in any country. A maiden which was disqualified after finishing first remains a maiden. Race conditions referring to maidens shall be interpreted as meaning maidens at the time of starting.

(44)~~(39)~~ "Match race" means a race between two (2) horses for which no other horses are eligible.

(45)~~(40)~~ "Meeting" means the entire period of consecutive days, exclusive of dark days, granted by the commission to a licensed association for the conduct of live horse racing that:

(a) Begins at 10 a.m. of the first racing day; and

(b) Extends through a period ending one (1) hour after the last scheduled race of the last day.

(46)~~(41)~~ "Minus pool" means a pari-mutuel pool in which the amount of money to be distributed on winning wagers exceeds the amount of money contained in that pari-mutuel pool~~[the net pool]~~.

(47)~~(42)~~ "Month" means calendar month.

(48)~~(43)~~ "Mutuel entry" means a single betting interest involving two (2) or more horses entered in the same race and joined for pari-mutuel purposes because of common ties as to ownership or training so that a wager on one (1) horse joined in a mutuel entry is a wager on all horses joined in the same mutuel entry.

(49)~~(44)~~ "Net pool" means the total amount wagered less refundable wagers and takeout.

(50)~~(45)~~ "Nomination" means a subscription or entry of a horse in a stakes or early closing race.

(51)~~(46)~~ "Nominator" means the person in whose name a horse is entered for a race.

(52)~~(47)~~ "Owner" means any person who holds, in whole or in part, any right, title, or interest in a horse, or any lessee of a horse, who has been duly issued a currently valid owner's license as a person responsible for the horse.

(53)~~(48)~~ "Pari-mutuel wagering," "mutuel wagering", or "pari-mutuel system of wagering" each means a system or method of wagering previously or hereafter approved by the commission in which one (1) or more patrons wager on a horse race or races, whether live, simulcast, or previously run. Wagers shall be placed in one or more wagering pools, and wagers on different races or sets of races may be pooled together. Patrons may establish odds or payouts, and winning patrons share in amounts wagered including any carryover amounts, plus any amounts provided by an association less any deductions required, as approved by the racing commission and permitted by law. Pools may be paid out incrementally over time as approved by the commission~~[are wagering among themselves and not against the association and amounts wagered are placed in one or more designated wagering pools and the net pool is returned to the winning patrons]~~.

(54) "Pari-mutuel pool" means any pool into which pari-mutuel wagers made by patrons are placed. For every wager placed into a pari-mutuel pool by a patron, that patron is eligible to receive at least a minimum payout on a winning wager.

(55)~~(49)~~ "Patron" means an individual present at a track, licensed premises, or a simulcast facility who observes or wagers on [a] live or historical horse races~~[race]~~.

(56)[(50)] "Payout" means the amount of the net pool payable to an individual patron on his or her winning wager.

(57)[(51)] "Place," if used in the context of a single position in the order of finish in a race, means second; if used in the context of pari-mutuel wagering, a "place" wager means one involving a payoff on a betting interest which finished first or second in a race; if used in the context of multiple positions in the order of finish in a race, "place or placing" means finishing first or second.

(58)[(52)] "Post" means the starting point of a race.

(59)[(53)] "Post position" means the relative place assigned to each horse, numbered from the inner rail across the track at the starting line, from which each horse is to start a race.

(60)[(54)] "Post time" means the advertised moment scheduled for the arrival of all horses at the starting point for a race.

(61)[(55)] "Prize" means the combined total of any cash, premium, trophy, and object of value awarded to the owners of horses according to order of finish in a race.

(62)[(56)] "Purse" means the gross cash portion of the prize for which a race is run.

(63) "Quarter horse" means a horse registered with the American Quarter Horse Association of Amarillo, Texas.

(64)[(57)] "Purse race" means any race for which entries close at a time designated by the racing secretary, and for which owners of horses entered are not required by its conditions to contribute money toward its purse.

(65)[(58)] "Race" means a running contest between horses, [~~thoroughbreds~~] ridden by jockeys or driven by drivers, over a prescribed course free of obstacles or jumps, at a recognized meeting, during regular racing hours, for a prize.

(66)[(59)] "Race day" means any period of twenty-four (24) hours beginning at 12:01 a.m. and ending at midnight in which live racing is conducted by an association.

(67)[(60)] "Racing official" means a racing commission member, commission staff as duties require, and all association racing department employees, as duties require.

(68)[(61)] "Recognized meeting" means any meeting with regularly scheduled live horse races for thoroughbreds on the flat, licensed by and conducted under administrative regulations promulgated by a governmental regulatory body, to include foreign countries which are regulated by a racing authority which has reciprocal relations with The Jockey Club and whose race records can be provided to an association by The Jockey Club.

(69)[(62)] "Registration certificate" means, with respect to thoroughbreds:

(a) The document issued by The Jockey Club certifying the name, age, color, sex, pedigree, and breeder of a horse as registered by number with The Jockey Club; or

(b) The document known as a "racing permit" issued by The Jockey Club in lieu of a registration certificate if a horse is recognized as a thoroughbred for racing purposes in the United States, but is not recognized as a thoroughbred for breeding purposes insofar as registering its progeny with the Jockey Club.

(70)[(63)] "Result" means the part of the official order of finish in a race used to determine the pari-mutuel payoff of pari-mutuel pools.

(71)[(64)] "Rulings" means all determinations, decisions, or orders of the stewards or of the commission duly issued in writing and posted.

(72)[(65)] "Scratch" means the withdrawal of a horse entered for a race after the time of closing of entries for the race in conformance with KAR Title 810.

(73)[(66)] "Scratch time" means the time set by the racing secretary as a deadline for horsemen to indicate their desire to scratch out of a race.

(74)[(67)] "Secretary" means the duly appointed and currently serving secretary of the commission.

(75)~~[(68)]~~ "Seed pool" means a pool of money funded by patrons wagering on an historical horse race that is used to ensure that all patrons are paid the minimum payout on winning wagers.

(76) "Simulcasting" is defined by KRS 230.210.

(77)~~[(69)]~~ "Specimen" means a sample of blood, urine, or other biologic sample taken or drawn from a horse for chemical testing.

(78)~~[(70)]~~ "Stakes" means all fees:

(a) Paid by subscribers to an added-money or stakes race for nominating, eligibility, entrance, or starting, as may be required by the conditions of the race; and

(b) Included in the purse.

(79)~~[(71)]~~ "Stakes race" means a race that closes more than seventy-two (72) hours in advance of its running and for which subscribers contribute money towards its purse, or a race for which horses are invited by an association to run for a guaranteed purse of \$50,000 or more without payment of stakes. With the exception of stakes races in North America, "stakes race" shall exclude races not listed by The Jockey Club Information System International Cataloging Standards, Part One (1).

(80)~~[(72)]~~ "Starter" means a horse in a race when the starting-gate doors open in front of it at the moment the starter dispatches the horses for a race.

(81)~~[(73)]~~ "Steward" means a duly appointed racing official with powers and duties specified in 810 KAR 2:040 serving at a current meeting in the Commonwealth.

(82)~~[(74)]~~ "Subscription" means nomination or entry of a horse in a stakes race.

(83)~~[(75)]~~ "Takeout" is defined in Section 1(17)(b) of this regulation as "Commission."~~[means the total amount of money, excluding breakage and any amounts allocated to a seed pool, withheld from each pari-mutuel pool, as authorized by KRS 230.3615 and 810 KAR Chapter 1.]~~

(84)~~[(76)]~~ "Terminal" means any self-service totalizator machine or other mechanical equipment used by a patron to place a pari-mutuel wager on a live or historical horse race or races.

(85)~~[(77)]~~ "Thoroughbred racing" is defined by KRS 230.210~~[(24)]~~.

(86)~~[(78)]~~ "Totalizator" means the system, including hardware, software, communications equipment, and electronic devices that accepts and processes the cashing of wagers, calculates the odds and prices of the wagers, and records, displays, and stores pari-mutuel wagering information.

(87)~~[(79)]~~ "Unplaced" means a horse that finishes a race outside the pari-mutuel payoff.

(88) "Wagering pool" is defined in Section 1 of this regulation as pari-mutuel pool.

(89)~~[(80)]~~ "Walkover" means a race in which the only starter or all starters represent single ownership.

(90)~~[(81)]~~ "Weigh in" means the presentation of a jockey to the clerk of scales for weighing after a race.

(91)~~[(82)]~~ "Weigh out" means the presentation of a jockey to the clerk of scales for weighing prior to a race.

(92)~~[(83)]~~ "Weight for age" means the standard assignment of pounds to be carried by horses in races at specified distances during specified months of the year, scaled according to the age of the horse as set out in 810 KAR 4:020.

(93)~~[(84)]~~ "Workout" means the training exercise of a horse on the training track or main track of an association during which the horse is timed for speed over a specified distance.

(94)~~[(85)]~~ "Year" means twelve (12) consecutive months beginning with January and ending with December.

Section 2. Severability. If any provision or administrative regulation of this chapter is found to be invalid, the remaining provisions of this chapter shall not be affected nor diminished

thereby.

JONATHAN RABINOWITZ, Chair
KERRY HARVEY, Secretary

APPROVED BY AGENCY: February 24, 2021

FILED WITH LRC: February 25, 2021 at 3:00 p.m.

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held at 9:00 a.m. on April 22, 2021 at Horse Racing Commission, 4063 Iron Works Parkway, Building B, Lexington, Kentucky 40511. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 p.m. on April 30, 2021. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person below.

CONTACT PERSON: Jennifer Wolsing, General Counsel, Horse Racing Commission, 4063 Iron Works Parkway, Building B, Lexington, Kentucky 40511, phone (859) 246-2040, fax (859) 246-2039, email jennifer.wolsing@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Jennifer Wolsing

(1) Provide a brief summary of:

(a) What this administrative regulation does: This regulation establishes the regulatory definitions that apply to all pari-mutuel and exotic wagering on live and historical horse races in the Commonwealth.

(b) The necessity of this administrative regulation: The regulation is necessary to provide specific and updated definitions of the terms used in the commission's regulations.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 230.215 authorizes the commission to regulate the conditions under which racing and pari-mutuel wagering thereon shall be conducted in Kentucky. KRS 230.361 requires the commission to promulgate administrative regulations governing and regulating pari-mutuel wagering on horse races under the pari-mutuel system of wagering.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: KRS 230.215(2) authorizes the commission to regulate the conditions under which racing and pari-mutuel wagering thereon shall be conducted in the Commonwealth. This regulation provides specific and updated definitions for the terms used in the commission's administrative regulations.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: First, this amendment changes terminology in the regulation to comply with *Family Trust Foundation v. Kentucky Horse Racing Commission*, No. 2018-SC-0630 (Sept. 24, 2020) and the passage of SB 120. Additionally, this amendment expands KAR Title 810 to regulate exotic wagering on all types of live or historical horse racing, including thoroughbred, standardbred, quarter horse, appaloosa, and Arabian racing. This expansion will ensure that the KHRC's pari-mutuel and

exotic wagering regulations do not expire, as set forth above in the statement of emergency. This amendment will also continue to bring uniformity to the rules governing exotic wagering for the various breeds.

(b) The necessity of the amendment to this administrative regulation: First, this amendment is necessary to comply with *Family Trust Foundation v. Kentucky Horse Racing Commission*, No. 2018-SC-0630 (Sept. 24, 2020) and the passage of SB 120. This amendment is also necessary to reduce the number of regulations applicable to exotic wagering and make the regulations easier to understand. This emergency amendment will prevent these regulations from expiring, as set forth in the statement of emergency. Allowing the Commission's pari-mutuel and exotic wagering regulations to expire would not only violate KRS 230.361, but would also cause the loss of millions of dollars of taxable revenue at the racing associations.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 230.215 authorizes the commission to regulate the conditions under which horse racing and pari-mutuel wagering thereon shall be conducted in the Commonwealth. KRS 230.361 requires the commission to promulgate administrative regulations governing and regulating pari-mutuel wagering on horse races. This regulation provides specific definitions of terms used in the commission's administrative regulations.

(d) How the amendment will assist in the effective administration of the statutes: This proposed amendment provides definitions of terms used in the commission's administrative regulations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This proposed amendment will affect the eight currently-licensed racing associations in the Commonwealth, any applicant for a racing association license, the owners and trainers who participate in racing in the Commonwealth, the jockeys who ride in the Commonwealth, the harness drivers who drive in the Commonwealth, the patrons who place pari-mutuel wagers on live and historical horse racing in the Commonwealth, and the commission.

(4) Provide an analysis of how the entities identified in the previous question will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions each of the regulated entities have to take to comply with this regulation or amendment: The emergency amendment merely updates language to comply with *Family Trust Foundation v. Kentucky Horse Racing Commission*, No. 2018-SC-0630 (Sept. 24, 2020) and the passage of SB 120, and migrates Title 811 regulations to Title 810. This emergency amendment will not require regulated entities to take any additional compliance actions that they are not already taking.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity or to increase compliance costs at all for the commission.

(c) As a result of compliance, what benefits will accrue to the entities: The racing associations will have a defined process to follow if they plan to offer exotic wagers. They will be able to offer increased pari-mutuel wagering options to patrons and can expect an increase in on-track attendance and total pari-mutuel handle. The increased revenue can be used to maintain and improve racing association facilities and supplement purses for live races run at each racing association. The increased purses will help the racing associations to compete with racing associations in neighboring states that offer expanded gaming options. The owners, trainers, jockeys, and harness drivers will benefit from increased purses, as well as any improvements to a racing association's facilities. The patrons will benefit from any improvements to a racing association's facilities, as well as from increased pari-mutuel wagering options.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity and will not increase compliance costs for the commission. The racing associations will continue to experience costs due to employee compensation and expenses, as well as equipment maintenance. The commission will be reimbursed by the racing associations for additional employee compensation and other expenses.

(b) On a continuing basis: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity and will not increase compliance costs for the commission. The racing associations will continue to experience costs due to employee compensation and expenses, as well as equipment maintenance. The commission will be reimbursed by the racing associations for additional employee compensation and other expenses pursuant to KRS 230.240.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity and will not increase compliance costs for the commission. As a general rule, the commission is reimbursed by the racing associations for additional employee compensation and other expenses pursuant to KRS 230.240.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity and will not increase compliance costs for the commission.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity and will not increase compliance costs for the commission.

(9) TIERING: Is tiering applied? Tiering is not applied. All aspects of this regulation will be applied equally to each racing association.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

(1) What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Kentucky Horse Racing Commission and the Department of Revenue.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation.
KRS 230.215, 230.260, 230.361, and 230.370.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This proposed amendment is not anticipated to increase revenue any more than the current regulatory scheme does. Instead, this proposed amendment will preserve tax revenue by allowing associations to continue offering pari-mutuel wagering on historical horse racing, while still complying with recent Supreme Court case law and the newly enacted SB 120. As it is under the current regulatory scheme, the amount of tax revenue will be dependent on the number of

terminals the associations install and operate.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This proposed amendment is not anticipated to increase revenue any more than the current regulatory scheme does. Instead, this proposed amendment will preserve tax revenue by allowing associations to continue offering pari-mutuel wagering on historical horse racing, while still complying with recent Supreme Court case law and the newly enacted SB 120. As it is under the current regulatory scheme, the amount of tax revenue will be dependent on the number of terminals the associations install and operate.

(c) How much will it cost to administer this program for the first year? This regulation will have no effect on the expenditures and revenues of any state or local government agency.

(d) How much will it cost to administer this program for subsequent years? There will be no administrative costs as a result of this regulation.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): None.

Expenditures (+/-): None.

Other Explanation: N/A.