

## **810 KAR 7:030. Kentucky Thoroughbred Development Fund.**

RELATES TO: KRS 138.510, 230.215, 230.225(5)(c), 230.400

STATUTORY AUTHORITY: KRS 230.215(2), 230.400

NECESSITY, FUNCTION AND CONFORMITY: KRS 230.215(1) declares that 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. KRS 230.215(2) vests in the racing 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 and to regulate and maintain horse racing at horse race meetings in the Commonwealth of the highest quality. KRS 230.225(5)(c) states that the racing commission shall be responsible for recommending tax incentives and implementing incentive programs to ensure the strength and growth of the equine industry. KRS 230.400 establishes the Kentucky Thoroughbred Development Fund and requires the Kentucky Horse Racing Commission to promulgate administrative regulations as may be necessary to carry out its provisions and purposes. This administrative regulation establishes standards for eligibility and the administration of payments from the Kentucky Thoroughbred Development Fund.

### Section 1. Definitions.

- (1) "Applicant" means the qualified entity who registers the foal or horse with the KTDF official registrar.
- (2) "Historical horse race handle" means monies wagered at a licensed Kentucky association on historical horse races as defined in 810 KAR 2:001.
- (3) "Inter-state wagering" means monies wagered from a Kentucky thoroughbred association on thoroughbred races conducted outside of Kentucky.
- (4) "Intra-state wagering" means monies wagered at a Kentucky thoroughbred association on thoroughbred races conducted at another Kentucky association.
- (5) "KTDF" means the Kentucky Thoroughbred Development Fund.
- (6) "KTOB" means the Kentucky Thoroughbred Owners and Breeders, Inc.
- (7) "Live racing handle" means the monies wagered by individuals present on association grounds on thoroughbred races physically conducted on association grounds.
- (8) "Nonlive racing handle" means the monies wagered at an association located in Kentucky on thoroughbred races not physically conducted at the association's grounds.
- (9) "Official Registrar" means the association recognized and designated as the sole official registrar of the KTDF for the purpose of registering Kentucky thoroughbred stallions and Kentucky bred thoroughbreds in accordance with KRS 230.400.

### Section 2. KTDF Monies Earned.

- (1) One (1) live thoroughbred association.
  - (a) Live racing handle. An association conducting live racing shall earn KTDF money in the amount of 0.75 percent of the total live racing handle pursuant to KRS 138.510(1).
  - (b) Nonlive racing handle. An association conducting live racing shall earn KTDF money in the amount of two (2) percent of the total nonlive racing handle pursuant to KRS 138.510(2).
- (2) More than one (1) live thoroughbred association. Unless there is an agreement among the thoroughbred associations conducting live racing to the contrary, if two (2) or more thoroughbred associations are conducting live racing on the same day, the monies earned from the handle for that day shall be divided as provided by this subsection.

(a) The association conducting the live racing shall earn KTDF money in the amount of seventy-five hundredths (0.75) percent of that association's live racing handle pursuant to KRS 138.510(1).

(b) Intra-state wagering monies shall be allocated to that Kentucky thoroughbred association on which the wagering is placed for purposes of calculating that association's KTDF earnings.

(c) Inter-state wagering monies originating from an association conducting live thoroughbred racing shall be allocated to that association for purposes of calculating that association's KTDF earnings.

(d) Inter-State wagering monies from all other Kentucky associations shall be divided evenly among the associations conducting live racing.

(3) Historical horse race handle. An association offering wagering on historical horse races shall earn KTDF money as provided by KRS 138.510(1).

(4) Unless otherwise stated, all KTDF money earned under this section shall be deposited in the KTDF account for that association.

### Section 3. KTDF Reconciliation.

(1) Each association shall file with the commission a copy of the pari-mutuel tax form filed with the Department of Revenue, along with a copy of the check submitted for each report. These reports shall be filed weekly.

(2) Each association shall report to the commission the actual KTDF purse distribution within fifteen (15) calendar days after the last day of a live race meeting.

(3) The commission shall reconcile the weekly reports submitted by the association with the Department of Revenue's reports and deposits on a monthly basis.

(4) If at the close of a live race meet, an association has a balance of monies earned for that meet that has not been distributed in actual KTDF purse distribution, then the association may choose one of the following options to distribute the remaining balance, subject to the recommendation of the KTDF Advisory Committee and the approval of the commission:

(a) Use KTDF monies previously earned to supplement purses at future live racing meets held by that association; or

(b) Use KTDF monies previously earned to supplement purses already distributed at the last live racing meet held by the association to the recipients of the original purse allocations.

(5) If at the close of a live race meet, an association offering wagering on historical horse races has a balance of KTDF monies earned from historical horse race wagers that has not been distributed in actual KTDF purse distribution, then the association may distribute a portion of the balance, subject to the recommendation of the KTDF Advisory Committee and the approval of the commission:

(a) To supplement purses at future live racing meets held by that association;

(b) To supplement purses already distributed at the last live racing meet held by the association to the recipients of the original purse allocations; or

(c) To supplement purses at another licensed thoroughbred Kentucky racetrack.

(6) Reasonable and customary administrative charges for time spent reconciling the KTDF account may be charged by the commission to each association based on the percentage of funds generated by each association for the previous calendar year.

(7) An association, at its option, may pay advertising charges billed to the association by the KTOB from the association's KTDF available balance.

(8) Each association shall sign an agreement stating that it accepts and agrees with the reconciliation prior to the reimbursement of any KTDF funds.

Section 4. Purse Structure. Each association shall submit its KTDF purse structure proposal to the KTDF Advisory Committee for approval at least forty-five (45) days prior to the opening day of the live racing meet. The KTDF Advisory Committee shall review the proposed purse structure and make a recommendation to the commission whether or not to approve the proposed purse structure based upon the best interests of Kentucky racing. (45 Ky.R. 1982 eff. 5-31-2019.)