

PUBLIC PROTECTION CABINET
Kentucky Horse Racing Commission
(Amendment)

810 KAR 7:040. Kentucky Standardbred Development Fund and Kentucky Standardbred Breeders' Incentive Fund.

RELATES TO: KRS 230.215, 230.260, 230.770, 230.802

STATUTORY AUTHORITY: KRS 230.215(2), 230.260(8), 230.770(1), (6), (7), 230.802(2)(b)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215(2) and 230.260(8) authorize the Kentucky Horse Racing Commission to promulgate administrative regulations prescribing the conditions under which horse racing shall be conducted in Kentucky and to fix and regulate the minimum amount of purses, stakes, or awards to be offered for the conduct of any horse race meeting. KRS 230.770(1) establishes the Kentucky standardbred development fund. KRS 230.770(6) and (7) authorize the commission to promulgate administrative regulations establishing the eligibility of horses participating in races for which a portion of the purse is provided by the Kentucky Standardbred Development Fund and the conditions, class, and quality of the races. KRS 230.802(1) establishes the Kentucky standardbred breeders' incentive fund. KRS 230.802(2)(b) requires the commission to promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund. This administrative regulation establishes eligibility standards, administrative practices to enforce the standards, criteria for the distribution of moneys from these funds, mandatory criteria for races, and the administration of purses and payments in these races.

Section 1. Definitions.

- (1) "Commission" means the Kentucky Horse Racing Commission.
- (2) "Consolation" means the race following a series of preliminary legs for the next preferred horses, as established in Section 6 of this administrative regulation, which did not qualify for the finals of each racing division of the Kentucky Sire Stakes program.
- (3) "Final" means the race following a series of preliminary legs established to determine the divisional champion of each racing division of the Sire Stakes Program.
- (4) "Kentucky-bred" means a standardbred horse that is:
 - (a) Foaled out of a standardbred mare that is registered with the commission and meets the requirements of this administrative regulation~~[is a resident of Kentucky]~~; or
 - (b) Sired by a standardbred stallion residing in Kentucky that meets the requirements of this administrative regulation.
- (5) "Kentucky Sire Stakes" means the series of races held annually in Kentucky for two (2) and three (3) year old Kentucky-bred fillies and colts, both trotting and pacing, and funded in whole or in part by the Kentucky Standardbred Development Fund or the Kentucky Standardbred Breeders' Incentive Fund.
- (6) "KSBIF" means the Kentucky Standardbred Breeders' Incentive Fund as established in KRS 230.802.
- (7) "KSDF" means the Kentucky Standardbred Development Fund as established in KRS 230.770.
- (8) "Stallion residing in Kentucky" means a stallion physically located and standing in Kentucky for 180 days of the calendar year in which the stallion is registered that, does not service mares in any other state, jurisdiction, or country outside Kentucky during the calendar year in which the stallion is registered.
- (9) "USTA" means the United States Trotting Association.

Section 2. Domicile Requirements.

(1)

(a) An owner, lessee, stallion manager, or syndicate manager of a standardbred stallion residing in Kentucky who desires to use the stallion to breed and to have his progeny eligible for the KSDF or KSBIF shall register the stallion with the commission by December 31st of the year of conception of the horse sought to be eligible by submitting a completed "KSDF/KSBIF Stallion Certificate of Eligibility Form", KHRC 7-040-2.

(b) Standardbred stallions not residing in Kentucky are not required to register with the commission. The progeny of a standardbred stallion not residing in Kentucky is not eligible for the KSDF or KSBIF unless the progeny is that of a standardbred mare registered under and meeting the requirements of this administrative regulation.

(c) All standardbred stallions shall be registered with the USTA, Standardbred Canada, or other appropriate international harness racing governing agency whether residing in Kentucky or not.

(2)

(a) An owner, lessee, manager, or syndicate manager of a standardbred mare who desires to use the mare for breeding purposes and to have her progeny eligible for the KSDF or KSBIF shall register the mare by December 31st of the year of conception of the horse sought to be eligible by submitting a completed "KSDF/KSBIF Mare Certificate of Eligibility Form", KHRC 7-040-3.

(b) To be eligible for registration, the mare shall:

1. Be registered with the USTA, Standardbred Canada, or other appropriate international harness racing governing agency; and
2. Have resided in Kentucky for a period of not less than 180 days in the calendar year of conception of the horse sought to be eligible.

(c) If a horse is conceived by embryo and ovum transplant (ET), both the donor mare and recipient mare shall be registered during the year of conception, and the recipient mare shall reside in Kentucky for a period of not less than 180 days in the calendar year of conception of the horse sought to be eligible.

(3) Registrations shall be received by the commission by the close of business or postmarked on the deadline established in this section in order to be eligible.

(4) An owner, lessee, stallion manager, manager, or syndicate manager of a stallion or mare eligible for the KSDF and KSBIF shall be responsible for:

(a) The registrations and records of the farm where the stallion stands or the mare resides; and

(b) Complying with all applicable requirements of this administrative regulation.

Section 3. Eligibility.

(1) In order to qualify for the Kentucky Sire Stakes, a foal shall be a two (2) or three (3) year old Kentucky-bred and maintain eligibility for the KSDF and KSBIF.

(2)

(a) Except as provided by paragraph (b) of this subsection, only a foal that is the first born to a mare (donor or recipient) in each calendar year produced by any method, including embryo and ovum transplant (ET), shall be eligible for the Kentucky Sire Stakes.

(b) Natural birth twins produced from the same pregnancy and foaling by the natural, nonrecipient mare shall also be eligible.

(3) Any future offspring of foals ineligible for racing under this section shall be ineligible for the Kentucky Sire Stakes.

Section 4. Distance. Each Kentucky Sire Stakes race shall be a one (1) mile dash.

Section 5. Post Positions. Post positions for the final, consolation, and all preliminary legs of the Kentucky Sire Stakes race shall be an open draw with two (2) horses drawn for the final and consolation races that are designated as "also eligibles" under Section 6(7) of this administrative regulation.

Section 6. Eligibility for the Final and Consolation Races.

(1) Beginning with the 2018 Kentucky Sire Stakes races, consolation races may be eligible for funding.

(2) A horse that does not start in at least one (1) of the preliminary legs scheduled shall not be eligible for the final or consolation.

(a) All horses earning points may enter in the final with:

1. The top eight (8) point earners, if the horses raced on a half (1/2) mile track or five-eighths (5/8) mile track; or

2. Top ten (10) point earners, if the horses raced on a one (1) mile track, to be declared eligible.

(b) On a half (1/2) mile track or five-eighths (5/8) mile track, the top eight (8) point earners shall not be eligible for the consolation. On a one (1) mile track, the top ten (10) point earners shall not be eligible for the consolation.

(c) A horse that is eligible to race in the final shall only be eligible to race in the final, unless the horse is qualified as an also eligible.

(d) A horse that is eligible to race in the consolation shall only be eligible to race in the consolation, unless qualified in the final as an also eligible.

(e) A horse that scratches from the final shall not race in the consolation.

(f) A horse that has qualified for the final or consolation shall remain eligible for the final or consolation.

(g) At least seven (7) eligible horses shall be declared for a consolation race to be contested.

(h) A horse that is automatically eligible to race in the final race shall not start in the consolation race.

(3) A horse that enters a preliminary leg that does not fill and is not raced shall receive credit toward fulfilling the minimum starting requirements established in subsection (2) of this section and toward determining tiebreaker status as established in subsection (6) (b) of this section.

(4) A horse that has been scratched from an event that is raced shall not receive credit toward meeting the starting requirements established in subsection (2) of this section.

(5) A horse, in order to start in the final or consolation, shall be declared at the host track where the race is being held on or before the time posted on the track condition sheet.

(6)

(a) If the number of horses eligible and declared into any final or consolation event exceeds the maximum number specified by the KSDF or KSBIF or the number of positions on the starting gate, the following point system as applied to KSDF preliminary legs shall determine preference for the final:

1. 1st place - fifty (50) points;

2. 2nd place - twenty-five (25) points;

3. 3rd place - twelve (12) points;

4. 4th place - eight (8) points;

5. 5th place - five (5) points;

6. 6th place and all other starters - one (1) point; and

7. A horse finishing in a dead heat for any position in a preliminary leg shall be awarded an equal share of the total number of points awarded for that position.

(b) If there is a tie among horses after the awarding of points pursuant to paragraph (a) of this subsection, there shall be a drawing by lot among those horses tied in total

points to determine which horses shall be included in the final field.

(c) If a horse that is qualified for the final or consolation is not declared, the horse with the next highest point total, pursuant to paragraph (a) of this subsection, that is declared shall be eligible for the final or consolation.

(7) Also eligibles.

(a) The two (2) horses accumulating the highest point total, pursuant to subsection (6) of this section, that are declared into the final or consolation, but do not qualify for the final or consolation, shall be designated "also eligible". The horse with the highest point total from the preliminary legs shall be designated as the "first also eligible" and the horse with the next highest point total shall be designated as the "second also eligible".

(b) A horse that is scratched in the final or consolation shall be replaced by the "first also eligible" and then the "second also eligible", if necessary.

1. If post positions have not been drawn at the time of the scratch, the "also eligible" shall take the place of the horse that has been scratched and shall participate in the normal draw.

2. If post positions have been drawn at the time of the scratch, the "also eligible" shall assume the post position of the horse that has been scratched.

3. A horse shall not be moved into the final or consolation as a replacement after the official scratch time deadline that is in effect at the host track.

Section 7. Final Order of Finish. The judges' "official order of finish" shall be used in determining eligibility to the final exclusive of all appeals yet to be decided at the time of closing of the entry box for final events.

Section 8. Detention. All starters shall be subject to the detention policy of the racetrack.

Section 9. Number of Starters.

(1) There shall not be more than:

(a) Ten (10) starters in each final race on a one (1) mile track; and

(b) Eight (8) horses on a one-half (1/2) or five-eighths (5/8) mile track.

(2) All horses shall be on the gate for the final race.

Section 10. Declaration Fees.

(1) For each horse declared to race in a preliminary leg, there shall be a declaration fee of one-half of one percent (0.5%) of the total purses distributed or to be distributed for each race in which the horse is declared. ~~[\$500. If a preliminary leg splits into two (2) or more divisions, the declaration fee shall be \$500 per division.]~~

(2) The declaration fee shall be due to the racing association at the time of declaration and payable one (1) hour prior to post time of the race.

(3) Purses for the KSDF and KSBIF shall consist of money from:

(a) Nominating fees;

(b) Sustaining fees;

(c) Declaration fees; and

(d) Added money from the Commonwealth of Kentucky.

(4)

(a) Distribution of revenue for Kentucky Sire Stakes races shall be reviewed and addressed annually, not later than December 15 of each calendar year, by an advisory panel appointed by the Chairman of the commission and consisting of one (1) representative from each of the following:

1. The commission, who shall serve as the chairman of the panel;

2. The Kentucky Harness Horseman's Association;

3. The Kentucky Harness Association;

4. The host racetrack; and

5. One (1) participant in the fund nominated by the chairman of the commission from a group of up to four (4) nominees recommended by each of the above four (4) members having one (1) nomination each.
- (b) Each member of the panel shall serve from July 1 through June 30 of the following year and shall be a resident of Kentucky.
- (c) The final determination regarding distribution of revenue shall be made by the commission.

Section 11. Divisions of Preliminary Legs.

- (1) The total number of horses entered shall determine the number of divisions of the preliminary legs that shall be required.
- (2) Preliminary legs shall be split into divisions as follows:
 - (a) One (1) mile track:
 1. Twelve (12) horses or less entered - one (1) division race.
 2. Thirteen (13) to twenty (20) horses entered - two (2) divisions.
 3. Twenty-one (21) to thirty (30) horses entered - three (3) divisions.
 4. Thirty-one (31) to forty (40) horses entered - four (4) divisions.
 5. Forty-one (41) to fifty (50) horses entered - five (5) divisions.
 6. Fifty-one (51) to sixty (60) horses entered - six (6) divisions.
 - (b) One-half (1/2) and five-eighths (5/8) mile track:
 1. Nine (9) to ten (10) horses entered - one (1) division.
 2. Eleven (11) to sixteen (16) horses entered - two (2) divisions.
 3. Seventeen (17) to twenty-four (24) horses entered - three (3) divisions.
 4. Twenty-five (25) to thirty-two (32) horses entered - four (4) divisions.
 5. Thirty-three (33) to forty (40) horses entered - five (5) divisions.
 6. Forty-one (41) to forty-eight (48) horses entered - six (6) divisions.
- (c) If the need exists for seven (7) or more divisions, eligibility to the final shall be determined in a manner consistent with the published conditions.

Section 12. Gait.

- (1) Gait shall be specified by the owner of the horse on or before the first two (2) year old payment.
- (2)
 - (a) Change of gait may be made at the time of declaration at the track.
 - (b) Sustaining payments shall remain in the funds of the original gait specified.
- (3) A horse shall not race on both gaits in the same year.

Section 13. Divisions. A race shall be raced in separate divisions as follows:

- (1) Colt, gelding, ridgeling divisions; and
- (2) Filly divisions.

Section 14. Purse Distributions.

- (1) The purses awarded for all races shall be distributed on the following percentage basis:
 - (a) Five (5) starters - fifty (50) percent, twenty-five (25) percent, twelve (12) percent, eight (8) percent, and five (5) percent;
 - (b) Four (4) starters - fifty (50) percent, twenty-five (25) percent, twelve (12) percent, eight (8) percent, and the remaining five (5) percent reverts back to the fund;
 - (c) Three (3) starters - fifty (50) percent, twenty-five (25) percent, twelve (12) percent, and the remaining thirteen (13) percent reverts back to the fund;
 - (d) Two (2) starters - fifty (50) percent, and twenty-five (25) percent, and the remaining twenty-five (25) percent reverts back to the fund; and
 - (e) One (1) starter - fifty (50) percent, and the remaining fifty (50) percent reverts back to the fund.

(2) The percentage basis established by subsection (1) of this section shall apply at each of the Kentucky pari-mutuel tracks.

Section 15. Cancellations.

(1) If circumstances prevent the racing of an event and the race is not drawn, all funds allocated to the division in each of the preliminary legs or the final shall be refunded and prorated to the owners of the horses eligible at the time of cancellation.

(2) The eligible horses shall include only horses that made the payments required by Section 20 of this administrative regulation.

(3) The added monies provided by the Commonwealth of Kentucky for use in the KSDF and KSBIF shall be disbursed by December 15 of each calendar year in accordance with the formula created by the panel as set out in Section 10(4) of this administrative regulation.

Section 16. Qualifying.

(1) Any horse declared into a Kentucky Sires Stakes race shall:

(a) Show at least one (1) charted race line with no breaks within forty-five (45) days prior to the day of the race; and

(b) Have satisfied the following time requirements:

1. On a track larger than five-eighths (5/8) of a mile:

a. A two (2) year old trotter shall have been timed in two minutes and six seconds (2:06) or faster;

b. A two (2) year old pacer shall have been timed in two minutes and four seconds (2:04) or faster;

c. A three (3) year old trotter shall have been timed in two minutes and two seconds (2:02) or faster; and

d. A three (3) year old pacer shall have been timed in two minutes and zero seconds (2:00) or faster.

2. On a five-eighths (5/8) mile track:

a. A two (2) year old trotter shall have been timed in two minutes and seven seconds (2:07) or faster;

b. A two (2) year old pacer shall have been timed in two minutes and five seconds (2:05) or faster;

c. A three (3) year old trotter shall have been timed in two minutes and three seconds (2:03) or faster; and

d. A three (3) year old pacer shall have been timed in two minutes and one second (2:01) or faster.

3. On a one-half (1/2) mile track:

a. A two (2) year old trotter shall have been timed in two minutes and eight seconds (2:08) or faster;

b. A two (2) year old pacer shall have been timed in two minutes and six seconds (2:06) or faster;

c. A three (3) year old trotter shall have been timed in two minutes and four seconds (2:04) or faster; and

d. A three (3) year old pacer shall have been timed in two minutes and two seconds (2:02) or faster.

(2) A horse shall be scratched from a race if the person declaring the horse has failed to advise the race secretary of a start that is not reflected on the electronic eligibilities.

(3) The requirements of this section shall apply both to wagering and nonwagering races.

Section 17. Purse Allocations.

(1) At a scheduled meeting of the commission, the commission shall:

(a) Establish the distribution of funds for stakes races for the upcoming year; and

- (b) Authorize expenditures at a time it designates.
- (2) The racing dates for KSDF and KSBIF stakes shall be issued after the track has established its race dates.

Section 18. Promotions. The KSDF or KSBIF ~~may~~shall provide a trophy for each event, and the program that provides the trophy shall purchase the trophy out of its fund.

Section 19. Nomination Fees.

- (1) After payment of the mare or stallion nomination fee, foals shall remain eligible for events each year by making the required sustaining and declaration payments for that year, as set forth in Section 20. The "KSDF/KSBIF Kentucky Sire Stakes (KYSS) Nomination Form," KHRC 7-040-1, shall be filed with the commission along with the nomination and sustaining fees.
- (2) After payment of the yearling nomination fee, foals shall remain eligible for events each year by making the required sustaining and declaration payments for that year, as set forth in Section 20. The "KSDF/KSBIF Kentucky Sire Stakes (KYSS) Nomination Form," KHRC 7-040-1, shall be filed with the commission along with the nomination and sustaining fees.
- (3) ~~[(2)]~~ The two (2) year old March 15 payment shall be made ~~[in order]~~ to remain eligible to the KSDF and KSBIF as a three (3) year old without penalty, except as provided in Section 20.
- (4) ~~[(3)]~~ Nomination and sustaining payments shall be made to the KSDF and KSBIF in U.S. funds by a money order or a check drawn on a U.S. bank account.

Section 20. Nomination Schedule.

- (1) Mares or Stallions shall be nominated by December 31 of the year of conception of the horse sought to be eligible by submitting a completed "KSDF/KSBF Stallion Certificate of Eligibility Form," KHRC 7-040-2, or "KSDF/KSBF Mare Certificate of Eligibility Form," KHRC 7-040-3. The nomination fee shall be set forth in KHRC 7-040-2 or 7-040-3, except as provided in subsection (4) of this section. ~~[Yearlings shall be nominated by May 15 of their yearling year, except as provided in subsection (4) of this section.]~~
- (2) For yearlings sired by a standardbred stallion or mare that resided in Kentucky during the year of conception for a period no less than 180 days~~[residing in Kentucky]~~ and registered with the KSDF and KSBIF, the nomination fee shall be set forth in the "KSDF/KSBIF Kentucky Sire Stakes (KYSS) Nomination Form," KHRC 7-040-1, except as provided in subsection (5) of this section~~[forty (40) dollars per yearling]~~.~~[For yearlings sired by a standardbred stallion not residing in Kentucky, the nomination fee shall be eighty (80) dollars per yearling.]~~
- (3) Nominated horses shall be registered with the USTA, Standardbred Canada, or other appropriate international harness racing governing agency and shall be properly identified to the satisfaction of the commission at the time of the nomination. Identification shall be determined by the official registration maintained by the USTA, Standardbred Canada, or other appropriate international harness racing governing agency.
- (4) If a mare is not nominated to the KSDF and KSBIF by December 31 of the year of conception, the mare shall be nominated by submitting a "Late KSDF/KSBIF Mare Certificate of Eligibility Form," KHRC 7-040-4, and paying a penalty as set forth in KHRC 7-040-4.
- (5) If a horse sired by a standardbred stallion or mare that resided in Kentucky during the year of conception, for a period no less than 180 days, and registered with the KSDF and KSBIF is not nominated during its yearling year, the horse may be nominated by~~[prior to]~~ March 15 of its two (2) year old year by submitting the "KSDF/KSBIF Kentucky Sire

Stakes (KYSS) Nomination Form," KHRC 7-040-1, and paying a penalty as set forth in KHRC 7-040-1.~~if:~~

~~[(a)] [For horses sired by a standardbred stallion residing in Kentucky and registered with the KSDF and KSBIF, a nomination fee of \$500 is made by March 15 of the horse's two (2) year old year, along with the sustaining payment required by subsection (5)(a) of this section; or]~~

~~[(b)] [For horses sired by a standardbred stallion not residing in Kentucky, a nomination fee of \$600 is made by March 15 of the horse's two (2) year old year, along with the sustaining payment required by subsection (5)(a) of this section.]~~

(6) For three (3) year old horses that fail to make the mandatory March 15 two (2) year old sustaining payment, the horse may be nominated by February 15 of its three (3) year old year by submitting a KHRC 7-040-1 and paying a penalty as set forth in KHRC 7-040-1.

~~[(5)] [Sustaining payments shall be as follows:]~~

~~[(a) TWO (2) YEAR OLD PAYMENTS]~~

~~[March 15] [\$300]~~

~~[April 15] [\$300]~~

~~[May 15] [\$300]~~

~~[March 15 payment shall be mandatory to make entry eligible as a three (3) year old.]~~

~~[(b) THREE (3) YEAR OLD PAYMENTS]~~

~~[February 15] [\$300]~~

~~[March 15] [\$300]~~

~~[April 15] [\$300]~~

Section 21. Early Closing Events. The commission may provide for separate early closing events for Kentucky-bred horses.

Section 22. Stallion and Breeder Awards. The commission may provide for stallion and breeder awards for Kentucky-bred horses.

Section 23. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) "KSDF/KSBIF Kentucky Sire Stakes (KYSS) Nomination Form", KHRC 7-040-1, 11/2018;

(b) "KSDF/KSBIF Stallion Certificate of Eligibility Form", KHRC 7-040-2, 11/2018; and

(c) "KSDF/KSBIF Mare Certificate of Eligibility Form", KHRC 7-040-3, 11/2018.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Horse Racing Commission, 4063 Iron Works Parkway, Building B, Lexington, Kentucky 40511, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available at https://khrc.ky.gov/new_docs.aspx?cat=32.

JONATHAN RABINOWITZ, Chairman

RAY PERRY, Secretary

APPROVED BY AGENCY: March 13, 2023

FILED WITH LRC: March 14, 2023 at 11:00 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held at 9:00 a.m. on May 22, 2023 at 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 May 31, 2023. 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; 4063 Iron Works Parkway, Building B, Lexington, Kentucky 40511; phone +1 (859) 246-2040; fax +1 (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 administrative regulation prescribes the conditions under which standardbred racing shall be conducted in Kentucky. Specifically, KRS 230.770(6) authorizes the commission to promulgate regulations establishing the eligibility requirements for horses participating in races for which a portion of the purse is provided by the Kentucky Standardbred Development Fund and Kentucky Standardbred Breeders' Incentive Fund ("KSDF/KSBIF"). This particular regulation establishes the eligibility requirements to receive funds from KSDF/KSBIF.

(b) The necessity of this administrative regulation:

This regulation is necessary to exercise the statutory authority of the KHRC set forth in KRS 230.215(2) to "promulgate administrative regulations prescribing conditions under which all legitimate standardbred horse racing and wagering thereon is conducted in the Commonwealth of Kentucky" and the statutory authority set forth in KRS 230.240(1). Specifically, this regulation is necessary to establish the eligibility requirements for those desiring to receive distributions from the KSDF/KSBIF.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

This regulation conforms to the statutory authority granted to the Kentucky Horse Racing Commission by KRS 230.215(2), 230.260(8), 230.770(1), (6), (7), and KRS 230.802(2)(b).

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This administrative regulation will assist in the effective administration of the statutes by outlining the qualifications a horse owner and breeder need to follow to be eligible to receive KSDF/KSBIF monies.

(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:

The four main proposed changes to this regulation are as follows: 1) Create an opportunity to participate in cases where the Mare Certificate of Eligibility Nomination was missed; 2) Adjust the fees for a horse to late nominate within its two-year-old year if the mare was not nominated during the calendar year of the breeding season; 3) Allow for a three-year-old to participate even if no sustaining payments were made as a two-year-old, but keep the initial March 15 sustaining payment mandatory to encourage two-year-old participation; and 4) Change the declaration/starting fees to 0.5% of the total purses distributed or to be distributed for each race in which the horse is declared.

(b) The necessity of the amendment to this administrative regulation:

This amendment is necessary to create opportunities for horse owners to participate in the Sire Stakes, even if the mare was not nominated or the foal was nominated late.

(c) How the amendment conforms to the content of the authorizing statutes:

KRS 230.770 (2) requires the commission "to use the development fund to promote races, and to provide purses for races, for Kentucky-bred Standardbred horses." KRS 230.802 (2)(a) requires the commission to "use moneys deposited in the Kentucky Standardbred breeders incentive fund to provide rewards for breeders or owners of Kentucky-bred standardbred horses." This amendment fulfills that statutory mandate by implementing the changes outlined above to enhance the fund.

(d) How the amendment will assist in the effective administration of the statutes:

The amendment will assist in the effective administration of the statutes by providing incentives for stallion owners to stand their horses in Kentucky and breeders to keep their mares in Kentucky.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

This administrative regulation will affect standardbred breeders; owners; boarding farm owners and employees; Kentucky veterinarians and equine healthcare facilities; horse transportation companies; farriers; farmers and suppliers of hay, feed and grain; equine supply companies; daily maintenance care and tack; Kentucky Standardbred sale companies; retail stores and maintenance services; and state and local payroll tax.

(4) Provide an analysis of how the entities identified in question (3) 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 that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

Breeders will have an additional opportunity to earn breeder awards, owners will have an additional incentive to buy Kentucky-bred horses, and stallion owners will be provided incentives to relocate their stud horses to Kentucky. All other entities identified in (3) will not acquire any additional responsibilities, but will reap the benefits of a stronger breeding industry in Kentucky.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

None of the entities identified in question (3) will incur any costs in complying with the amendment if they nominate the mare or foal timely. Rather, this amendment specifically offers more opportunities to receive distributions from the fund by allowing late nominations.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

Compliance will allow owners to participate in the Kentucky Sire Stakes program and will reap the benefits of a stronger breeding industry in Kentucky.

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

(a) Initially:

There is no initial cost to implement this administrative regulation.

(b) On a continuing basis:

There is no continuing cost of implementing this administrative regulation.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

The nomination fees are used for the implementation and enforcement of this regulation.

(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:

Yes, there are fee changes in the proposed changes to this regulation. First, timely mare nomination used to be free. Mares who are timely registered by December 31 in the foal's year of conception will now pay \$20 per nomination. However, this fee is being made up b/c the yearling fee for 95% of our nominations, coming from the mare residing in Kentucky during the breeding season was \$80, whereas now it is \$60. Second, it used to be impossible to late register a mare. Now, mares who are late registered between January 1 of their foaling year and May 15 of the foal's yearling year will pay \$750 per nomination. Mares who are late registered between May 16 of the foal's yearling year and December 31 of the foal's yearling year will pay \$1,500 per nomination. Yearling registration used to be \$40 if the foal was registered through the stallion and \$80 if the foal was registered through the mare. Now, those fees are averaged, so that foals who are timely nominated by May 15 of their yearling year will pay \$60 per nomination during that yearling year, regardless of whether they are registered through the stallion or the mare. Foals who are timely nominated in their yearling year used to pay three \$300 sustaining payments to maintain eligibility during their two-year-old year. This will not change; timely nominated foals will still pay three \$300 sustaining payments during their two-year-old year. However, foals who were late nominated during their two-year-old year used to pay a single penalty of either \$500 or \$600, depending on whether they were nominated through their stallion or mare, respectively. Now, foals that are not timely nominated as a yearling will pay one \$500 penalty, regardless of whether they were nominated through their stallion or mare. Foals who are timely nominated by May 15 of their yearling year or are untimely nominated during their two-year-old year used to pay three \$300 sustaining payments to maintain eligibility during their three-year-old year. This will not change; foals nominated during their yearling or two-year-old years will still pay three \$300 sustaining payments to maintain eligibility during their three-year-old year. There used to be no option to nominate a foal in its three-year-old year. Now, foals who are nominated for the first time in their three-year-old year will pay a \$1,200 additional penalty and will pay three \$600 sustaining payments, in order to be nominated during their three-year-old year.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

Yes, there are fee changes in the proposed changes to this regulation. First, timely mare nomination used to be free. Mares who are timely registered by December 31 in the foal's year of conception will now pay \$20 per nomination. However, this fee is being made up b/c the yearling fee for 95% of our nominations, coming from the mare residing in Kentucky during the breeding season was \$80, whereas now it is \$60. Second, it used to be impossible to late register a mare. Now, mares who are late registered between January 1 of their foaling year and May 15 of the foal's yearling year will pay \$750 per nomination. Mares who are late registered between May 16 of the foal's yearling year and December 31 of the foal's yearling year will pay \$1,500 per nomination. Yearling registration used to be \$40 if the foal was registered through the stallion and \$80 if the foal was registered through the mare. Now, those fees are averaged, so that foals who are timely nominated by May 15 of their yearling year will pay \$60 per nomination during that yearling year, regardless of whether they are registered through the stallion or the mare. Foals who are timely nominated in their yearling year used to pay three \$300 sustaining payments to maintain eligibility during their two-year-old year. This will not change; timely nominated foals will still pay

three \$300 sustaining payments during their two-year-old year. However, foals who were late nominated during their two-year-old year used to pay a single penalty of either \$500 or \$600, depending on whether they were nominated through their stallion or mare, respectively. Now, foals that are not timely nominated as a yearling will pay one \$500 penalty, regardless of whether they were nominated through their stallion or mare. * Foals who are timely nominated by May 15 of their yearling year or are untimely nominated during their two-year-old year used to pay three \$300 sustaining payments to maintain eligibility during their three-year-old year. This will not change; foals nominated during their yearling or two-year-old years will still pay three \$300 sustaining payments to maintain eligibility during their three-year-old year. There used to be no option to nominate a foal in its three-year-old year. Now, foals who are nominated for the first time in their three-year-old year will pay a \$1,200 additional penalty and will pay three \$600 sustaining payments, in order to be nominated during their three-year-old year.

(9) TIERING: Is tiering applied?

Tiering was not applied because this administrative regulation will apply to all similarly situated entities in an equal manner.

FISCAL NOTE

(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 will be impacted by this administrative regulation.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation.

The statutory authority for this administrative regulation is found in KRS 230.215(2), 230.260(8), 230.770(1), (6), (7), 230.802(2)(b).

(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?

Although specific dollar estimates cannot be determined, the greatest impact of this regulation to the state and local government will be the increase in payroll taxes by all participants noted in the Regulatory Impact Analysis & Tiering Statement.

(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?

Continued growth and participation in the program will increase payroll taxes by all participants noted in the Regulatory Impact Analysis & Tiering Statement.

(c) How much will it cost to administer this program for the first year?

Because the infrastructure for administering the program is already in place, it is anticipated that there will be no additional net cost to administer this program for the first year.

(d) How much will it cost to administer this program for subsequent years?

Because the infrastructure for administering the program is already in place, it is anticipated that there will be no additional net cost to administer this program in subsequent years.

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

Revenues (+/-):Neutral

Expenditures (+/-):Neutral

Other Explanation:

None

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year?

This regulation is not anticipated to generate cost savings in the first year. Although the regulation will likely save many of our licensees \$20.00 on yearling nominations, that cost is recouped by an additional \$20.00 fee for mare or stallion registrations during the breeding season.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years?

This regulation is not anticipated to generate cost savings in subsequent years. Although the regulation will likely save many of our licensees \$20.00 on yearling nominations, that cost is recouped by an additional \$20.00 fee for mare or stallion registrations during the breeding season.

(c) How much will it cost the regulated entities for the first year?

This regulation is not anticipated to generate additional costs in the first year. While some entities may pay late fees, that will be a voluntary fee paid by those who nominate late. The KHRC normally receives 5 to 10 late nominations per year, and does not anticipate a large number of additional late nominations.

(d) How much will it cost the regulated entities for subsequent years?

This regulation is not anticipated to generate additional costs in subsequent years. While some entities may pay late fees, that will be a voluntary fee paid by those who nominate late. The KHRC normally receives 5 to 10 late nominations per year, and does not anticipate a large number of additional late nominations.

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

Cost Savings (+/-):\$0.00

Expenditures (+/-):\$0.00

Other Explanation:

N/A

(5) Explain whether this administrative regulation will have a major economic impact, as defined below.

"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)] The KHRC does not anticipate a major economic impact, as set forth in the answer to the question above.