

PUBLIC PROTECTION CABINET
Kentucky Horse Racing Commission
(Amendment)

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) "KTDF" means the Kentucky Thoroughbred Development Fund, as established by KRS 230.400.
- (2) "KTDF Advisory Committee" means a five (5) member committee established by KRS 230.400.
- (3) "KTOB" means the Kentucky Thoroughbred Owners and Breeders, Inc., as the official registrar for the KTDF in accordance with KRS 230.400.
- (4) "Licensed association" means a person or legal entity conducting horse racing pursuant to a license issued under 810 KAR 3:010.

Section 2. KTDF Monies Earned. Money shall be allocated to the credit of each licensed association in the amount the licensed association contributed to the KTDF pursuant to KRS 230.400.

Section 3. KTDF Reconciliation.

- (1) Each licensed 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) The commission shall reconcile the weekly reports submitted by the licensed association with the Department of Revenue's reports and deposits on a monthly basis.
- (3) If at the close of a live race meet, a licensed association has a surplus balance of KTDF monies earned pursuant to KRS 230.400, then the licensed association may request to distribute a portion of that balance, subject to the recommendation of the KTDF Advisory Committee and the approval of the commission to:
 - (a) Supplement purses at future live racing meets held by that licensed association;
 - (b) Fund supplemental purse structures approved by the commission for a previous live racing meet held by the licensed association to the recipients of the original purse allocation; or

- (c) Supplement purses at another licensed thoroughbred Kentucky racetrack.
- (4) Reasonable and customary administrative charges for time spent reconciling the KTDF account may be charged by the commission to each licensed association based on the percentage of funds generated by each licensed association for the previous calendar year.
- (5) A licensed association, at its option, may pay reasonable advertising charges billed to the association by the KTOB from the association's KTDF available balance, provided the advertising charges are consistent with the intent of the KTDF. Approval of any advertising payment shall be subject to the recommendation of the KTDF Advisory Committee and the approval of the commission.
- (6)
- (a) Each licensed association shall submit their purses paid reports, advertising invoices, or any other documentation requested by the commission, pertinent to reimbursement, within fifteen (15) calendar days after the last day of a live race meet.
- (b) Each licensed association shall sign an acknowledgment from the commission stating that it accepts and agrees with the reconciliation prior to the reimbursement of any KTDF funds.

Section 4. Purse Structure. Each licensed 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 to approve the proposed purse structure based upon the best interests of Kentucky racing.

JONATHAN RABINOWITZ, Chairman
RAY PERRY, Secretary

APPROVED BY AGENCY: May 10, 2023
FILED WITH LRC: May 12, 2023 at 9 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held at 9:00 AM on July 21 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 PM on July 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, Title: General Counsel, Address: 4063 Iron Works Parkway, Building B, Lexington, Kentucky 40511, Phone: +1 (859) 246-2040, Fax: +1 (859) 246-2039, Email: jennifer.wolsing@ky.gov