

KENTUCKY HORSE RACING AND GAMING CORPORATION
(Amendment)

810 KAR 7:060. Kentucky ~~Quarter Horse,~~ Paint Horse, Appaloosa, and Arabian Development Fund.

RELATES TO: KRS 138.510, 230.215, 230.225, 230.443, 230.445

STATUTORY AUTHORITY: KRS 230.215(2), 230.260(8), 230.445

CERTIFICATION STATEMENT: This certifies that this administrative regulation complies with the requirements of 2025 RS HB 6, Section 8.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215 and 230.260 authorize the corporation to promulgate administrative regulations establishing 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 230.445 establishes the Kentucky ~~Quarter Horse,~~ Paint Horse, Appaloosa, and Arabian development fund and requires the corporation to promulgate administrative regulations to carry out the purpose of the statute and to administer the development fund in a manner to promote and aid in the development of the horse industry in Kentucky, upgrade the quality of racing in Kentucky, and to improve the quality of horses bred in Kentucky. This administrative regulation establishes eligibility standards, administrative practices to enforce the standards, and the administration of purses and payments in these races.

Section 1. Definitions.

- (1) "Broodmare" means a mare that conceives and carries her genetic foal to term.
- (2) "Donor mare" means the mare from which an embryo is harvested for the purpose of performing an embryo transfer.
- (3) "Fund" means the Kentucky ~~Quarter Horse,~~ Paint Horse, Appaloosa, and Arabian Development Fund established by KRS 230.445.
- (4) "Kentucky bred" means that a horse that meets the requirements of this administrative regulation and is:
 - ~~[(a)]~~ ~~[A Quarter Horse registered with the American Quarter Horse Association or its successor;]~~
 - (a) ~~[(b)]~~ An Appaloosa registered with the Appaloosa Horse Club or its successor;
 - (b) ~~[(c)]~~ An Arabian registered with the Arabian Horse Association Registry or its successor; or
 - (c) ~~[(d)]~~ A Paint Horse registered with the American Paint Horse Association or its successor.
- (5) "Mare" means a broodmare, donor mare, or recipient mare.
- (6) "Recipient mare" means a mare of any breed who:
 - (a) Is implanted with an embryo from a donor mare;
 - (b) Carries the non-genetic foal to term; and
 - (c) Is implanted with an electronic horse identification microchip that accurately identifies the horse and is compliant with international standards ISO 11784.

Section 2. Advisory Committee. The fund advisory committee shall consist of five (5) members, all of whom shall be Kentucky residents, to be appointed by the chairman of the corporation by July 1 of each year. The committee shall consist of one (1):

- (1) Member of the corporation;
- (2) Officer or director of a licensed racing association in Kentucky conducting ~~Quarter Horse,~~ Paint Horse, Appaloosa, or Arabian racing;
- (3) Owner of a horse nominated to the fund;
- (4) Owner of a mare registered with the fund; and

(5) Member of the Kentucky Paint, Appaloosa or Arabian~~Quarter Horse Racing~~ Association recommended by that organization's board of directors.

Section 3. Mare Eligibility.

(1) In order for a foal to be eligible to earn money from the fund, the broodmare or both the donor and recipient mares shall be registered with the fund on or before December 31~~February 15~~ of the year of conception. Late registration may be accepted on or before July 1~~June 15~~ of the foaling year ~~of conception~~ as established by subsection (3) of this section.

~~[(a)] [Registration fees for mares conceiving foals during the 2023 and 2024 breeding seasons shall be waived, and the registration deadlines for each year of conception shall be extended to December 31 of the year of conception, in order to promote field growth.]~~

~~[(b)] [Weanling and all other applicable fees regarding the foals shall remain in effect for all foals, including foals conceived during 2023 and 2024.]~~

(2) In order to be eligible to be registered with the fund, a mare, whether a broodmare, donor mare, or recipient mare, shall reside in Kentucky for a period of no less than 180~~120~~ days from conception or embryo transfer implantation until foaling.

(3) A mare shall be registered with the fund by:

(a) Completing and filing with the corporation a Kentucky ~~Quarter Horse,~~ Paint Horse, Appaloosa, and Arabian Development Fund Mare Registration Form, KHRGC 7-060-1 and;

(b) Providing the corporation with a photocopy of:

1. The mare's official breed registration papers from the ~~American Quarter Horse Association,~~ American Paint Horse Association, Appaloosa Horse Club, the Arabian Horse Association Registry, or The Jockey Club or their respective successors; or

2. Documentation regarding a recipient mare's electronic horse identification microchip.

Section 4. Nomination.

(1) Except as established in subsection (4) of this section, in order for a horse to be eligible to earn money from the fund, it shall be "Kentucky bred" as defined by Section 1 of this administrative regulation and shall be nominated to the fund by:

(a) Completing and filing with the corporation a Kentucky ~~Quarter Horse,~~ Paint Horse, Appaloosa, and Arabian Development Fund Nomination Form, KHRGC 7-060-2 and;

(b) Providing the corporation with a photocopy of the horse's official breed registration papers from the ~~American Quarter Horse Association,~~ American Paint Horse Association, Appaloosa Horse Club, or the Arabian Horse Association Registry, or their respective successors

(2) In order for a foal that is the product of an embryo transfer to be eligible to earn monies from the fund, the donor mare and the recipient mare shall be registered as established in Section 3 of this administrative regulation and shall meet the other requirements of this administrative regulation.

(3) If a registered donor mare produces more than one (1) foal in one (1) breeding season, two (2) genetic foals may be nominated to the fund as determined by the owner of the donor mare.

(4) ~~[A horse born before 2024 shall be eligible for nomination to the fund and participate in races offering monies from the fund.]~~ A horse shall be nominated by:

(a) Completing and filing with the corporation a Kentucky ~~Quarter Horse,~~ Paint Horse, Appaloosa, and Arabian Development Fund Nomination Form, KHRGC 7-060-2; and

(b) Including the following with the nomination form:

1. A photocopy of the official breed registration papers from the ~~[American Quarter Horse Association,]~~ American Paint Horse Association, Appaloosa Horse Club, or the Arabian Horse Association Registry, or their respective successors;
2. Registration papers showing ownership and demonstrating that the horse was foaled in Kentucky;
3. An official breed registry shipped semen report or a stallion breeders certificate demonstrating that the horse was conceived in Kentucky; and
4. A signed affidavit from the owner of the mare at the time of her pregnancy stating that the mare resided in Kentucky for a period of no less than ~~180~~¹²⁰ days from conception or embryo transfer implantation until foaling.

(5) Nothing in this section shall prevent a registered mare from being eligible to race for monies from the fund.

Section 5. Monies Allocated.

(1) Money deposited to the Fund shall be allocated on an equitable basis as determined by the corporation, pursuant to KRS 230.445.

(2) In allocating, the corporation shall consider at least the following factors:

- (a) The amount contributed to the fund by each association;
- (b) The amount of handle collected by each association;
- (c) The breed or breeds approved for racing in Kentucky; and
- (d) The population of horses by breed registered in Kentucky that are registered with the fund.

Section 6. Distribution of Funds.

(1) Each association shall submit a request to the advisory committee, including the proposed races eligible to receive monies from the fund and the proposed purse structure for those races, at least forty-five (45) days prior to the opening day of the live racing meet.

(2) Unless there is a corporation-approved proposal to the contrary, the proposed purse structure shall not exceed the total dollars generated by that breed to the association's fund account. Corporation approval shall be based on the standards established in Section 5(2) of this administrative regulation.

(3) The advisory committee shall review the proposed eligible races and purse structure and make a recommendation whether or not to approve the proposed races and purse structure to the corporation based upon the best interests of Kentucky racing.

(4) Two (2) or more associations conducting ~~[Quarter Horse,]~~ Paint Horse, Appaloosa, or Arabian racing may request permission from the advisory committee to combine their respective fund monies to supplement purses at one (1) of the associations. The advisory committee shall recommend to the corporation whether or not to approve the request, based on Section 5(2) of this administrative regulation.

Section 7. Reconciliation.

(1) Each association shall file weekly with the corporation 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.

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

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

(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 fund purse distribution, then the association may choose one (1) of the following options to distribute the remaining

balance, contingent on the recommendation of the advisory committee and the approval of the corporation:

- (a) Use fund monies previously earned to supplement purses at future live racing meets held by that association; or
 - (b) Use fund 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 fund monies earned from historical horse race wagers that has not been distributed in actual fund purse distribution, then the association may choose one (1) of the following options to distribute a portion of the balance, contingent on the recommendation of the advisory committee and the approval of the corporation:
- (a) Use the historical horse race fund monies previously earned to supplement purses at future live racing meets held by that association;
 - (b) Use historical horse race fund 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; or
 - (c) Use historical horse race fund monies previously earned to supplement purses at another licensed Kentucky racetrack.
- (6) Reasonable and customary corporation charges for time spent reconciling the account may be charged to each association by the corporation based on the percentage of funds generated by each association for the previous calendar year.
- (7) Each association shall sign an agreement stating that it accepts and agrees with the reconciliation prior to reimbursement of any funds.

Section 8. Incorporation by Reference.

- (1) The following material is incorporated by reference:
 - (a) "Kentucky ~~Quarter Horse,~~ Paint Horse, Appaloosa, and Arabian Development Fund Mare Registration Form", KHRGC 7-060-1, 04/2023;
 - (b) "Kentucky ~~Quarter Horse,~~ Paint Horse, Appaloosa, and Arabian Development Fund Nomination Form", KHRGC 7-060-2, 04/2023; and
- (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Horse Racing and Gaming Corporation, 4047 Iron Works Parkway, Lexington, Kentucky 40511, Monday through Friday, 8:00 a.m. to 4:30 p.m. This material is also available on the corporation's Web site at <http://khrc.ky.gov>.

JONATHAN RABINOWITZ, Chair

APPROVED BY AGENCY: July 14, 2025

FILED WITH LRC: July 14, 2025 at 1:44 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on September 24, 2025, at 9:00 a.m. at Kentucky Horse Racing & Gaming Corporation, 4047 Iron Works Parkway, 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 was received by that date, the hearing may be cancelled. 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 September 30, 2025. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Ashleigh Bailey, General Counsel, Kentucky Horse Racing & Gaming Corporation, 4047 Iron Works Parkway, Lexington, Kentucky 40511, phone (859) 246-2040, fax (859) 246-2039, email Ashleigh.Bailey@ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Ashleigh Bailey

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation governs and regulates a development fund for Kentucky-bred paint horses, Appaloosas, and Arabians.

(b) The necessity of this administrative regulation:

This administrative regulation is necessary to promote and aid in the development of the horse industry in Kentucky, upgrade the quality of racing in Kentucky, and improve the quality of horses bred in Kentucky.

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

KRS 230.215 and 230.260 authorize the Kentucky Horse Racing and Gaming Corporation (the "KHRGC") to promulgate administrative regulations establishing 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 230.445 establishes the Kentucky Paint Horse, Appaloosa, and Arabian Development Fund and requires the KHRGC to promulgate administrative regulations to carry out the purpose of the statute and to administer the development fund in a manner to promote and aid in the development of the horse industry in Kentucky, upgrade the quality of racing in Kentucky, and improve the quality of horses bred in Kentucky.

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

This administrative regulation establishes eligibility standards for the Kentucky Paint Horse, Appaloosa, and Arabian Development Fund, administrative practices to enforce the standards for the fund, and the administration of purses and payments in applicable races.

(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:

This amendment removes references to quarter horses from the development fund governed by this regulation because a new regulation will govern a separate quarter horse development fund.

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

This amendment is necessary due to a statutory change to the development fund governed by this regulation. The development fund governed by this regulation no longer includes quarter horses.

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

KRS 230.215 and 230.260 authorize the KHRGC to promulgate administrative regulations establishing 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 230.445 establishes the Kentucky Paint Horse, Appaloosa, and Arabian Development Fund and requires the KHRGC to promulgate administrative regulations to carry out the purpose of the statute and to administer the development fund in a manner to

promote and aid in the development of the horse industry in Kentucky, upgrade the quality of racing in Kentucky, and improve the quality of horses bred in Kentucky.

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

This amendment will bring the regulations in line with changes to the statutes, in particular KRS 230.445, which establishes the Kentucky Paint Horse, Appaloosa, and Arabian Development Fund and requires the KHRGC to promulgate administrative regulations to carry out the purpose of the statute and to administer the development fund in a manner to promote and aid in the development of the horse industry in Kentucky, upgrade the quality of racing in Kentucky, and improve the quality of horses bred in Kentucky.

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

The KHRGC is affected by this administrative regulation.

(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:

The KHRGC will administer a Kentucky quarter horse development fund separately from the Kentucky Paint Horse, Appaloosa, and Arabian Development Fund. Aside from no longer including quarter horse development, the administration of this development fund will remain the same as prior to the amendment.

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

No additional cost is anticipated.

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

As a result of compliance with this administrative regulation, KHRGC will benefit by being able to administer the Kentucky Paint Horse, Appaloosa, and Arabian Development Fund to promote and aid in the development of the horse industry in Kentucky, upgrade the quality of racing in Kentucky, and improve the quality of horses bred 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 anticipated additional cost to administer the amendments to this administrative regulation.

(b) On a continuing basis:

There is no anticipated additional cost to administer the amendments to this administrative regulation.

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

There is no additional funding needed to implement and enforce the amendments to this administrative 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:

No increase in fees or funding is necessary to implement the amendment to this administrative regulation.

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

The amendments to this administrative regulation do not establish or increase any fees.

(9) TIERING: Is tiering applied?

Tiering was not applied because this administrative regulation will apply to all similarly situated entities and individuals in the same manner.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:

The statutory authority for this administrative regulation is KRS 230.215(2), KRS 230.260(1) and (8), and KRS 230.445(5).

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:

Not applicable, this regulation is authorized by statutory guidelines by KRS 230.260 and KRS 230.445.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:

The promulgating agency is the Kentucky Horse Racing and Gaming Corporation ("KHRGC").

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:

For the first year:No additional expenditures are anticipated.

For subsequent years:No additional expenditures are anticipated.

2. Revenues:

For the first year:No additional revenue is anticipated.

For subsequent years:No additional revenue is anticipated.

3. Cost Savings:

For the first year:No cost savings are anticipated.

For subsequent years:No cost savings are anticipated.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):

N/A

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:

For the first year:N/A

For subsequent years:N/A

2. Revenues:

For the first year:N/A

For subsequent years:N/A

3. Cost Savings:

For the first year:N/A

For subsequent years:N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):

N/A

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:

For the first year:No additional expenditures are anticipated.

For subsequent years:No additional expenditures are anticipated.

2. Revenues:

For the first year:No additional revenue is anticipated.

For subsequent years:No additional revenue is anticipated.

3. Cost Savings:

For the first year:No cost savings are anticipated.

For subsequent years:No cost savings are anticipated.

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)

(a) Fiscal impact of this administrative regulation:

There is no fiscal impact as a result of the amendments to this administrative regulation. One development fund has been divided into two, but the overall amount of funds and the uses of those funds will remain unchanged.

(b) Methodology and resources used to reach this conclusion:

No new fees are created, and it will not directly increase costs for individuals, businesses, organizations, or governments nor generate additional revenue for the KHRGC.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(13):

These amendments are not expected to have a major economic impact as defined by KRS 13A.010(14).

(b) The methodology and resources used to reach this conclusion:

No new fees are created, and it will not directly increase costs for individuals, businesses, organizations, or governments nor generate additional revenue for the KHRGC.