

230.227 Board of directors -- Membership -- Appointment -- Terms -- Conflict of interest -- Compensation -- Powers and duties -- Background check -- Removal -- Ethics.

- (1)
 - (a) The affairs and responsibilities of the corporation shall be administered by a board of directors composed of seventeen (17) members. All seventeen (17) members shall be appointed by the Governor.
 - (b) The Governor shall appoint a chair and vice chair of the board, subject to the advice and consent of the Senate. A chair or vice chair appointed when the Senate is not in session shall serve only until the next regular session, or special session if such matter is included in the call therefor of the General Assembly, at which time the chair or vice chair shall be subject to confirmation by the Senate. If the Senate is not in session, the appointments shall be subject to review by the Interim Joint Committee on State Government, which shall hold a public hearing and shall transmit its recommendations to the Senate. If the Senate refuses to confirm the chair or vice chair, then the chair or vice chair shall forfeit the office as of the date on which the Senate refuses to confirm the chair or vice chair.
 - (c) Members of the board appointed by the Governor shall serve a term of four (4) years unless a member is removed, except the initial appointments under subsection (6)(c) of this section shall be as follows:
 1. Two (2) year terms shall be served by:
 - a. The five (5) members appointed under subsection (2)(b)2., 4., 6., 8., and 11. of this section;
 - b. Two (2) appointees under subsection (2)(b)1. of this section;
 - c. One (1) appointee under subsection (2)(b)5. of this section; and
 - d. One (1) appointee under subsection (2)(b)9. of this section; and
 2. Three (3) year terms shall be served by:
 - a. The three (3) members appointed under subsection (2)(b)3., 7., and 10. of this section;
 - b. One (1) appointee under subsection (2)(b)1. of this section;
 - c. Two (2) appointees under subsection (2)(b)5. of this section; and
 - d. Two (2) appointees under subsection (2)(b)9. of this section.
- (2) For appointments of the board of directors:
 - (a) Any member appointed to fill a vacancy occurring other than by expiration of a term shall be appointed for the remainder of the unexpired term; and
 - (b) In making appointments, the Governor shall appoint members who meet the following qualifications:
 1. Three (3) members who represent the Thoroughbred industry;
 2. One (1) member who represents the standardbred industry;
 3. One (1) equine veterinarian who currently practices with race horses;
 4. One (1) member shall be selected based on his or her training and experience in the fields of investigation and law enforcement;

5. Three (3) experts in the gaming industry, with knowledge about the technical and logistical sides of the wagering experience. At least one (1) of these experts shall have expertise in the technical and logistical sides of pari-mutuel wagering on previously run horse races;
 6. One (1) expert in the operational aspects of the horse industry, with particular knowledge of horse breeding;
 7. One (1) expert in the operational aspects of the horse industry, with particular knowledge of horse racing;
 8. One (1) horse trainer licensed under this chapter;
 9. Three (3) charitable gaming representatives;
 10. One (1) member who represents the quarter horse industry; and
 11. One (1) at-large member with no financial interest in the business or industry regulated.
- (3) (a) A member of the board of directors, by himself or herself or through others, shall not knowingly:
1. Use or attempt to use the member's influence in any manner which involves a substantial conflict between his or her personal or private interest and the member's duties to the corporation;
 2. Use or attempt to use any means to influence the corporation in derogation of the corporation;
 3. Use the member's official position or office to obtain financial gain for himself or herself, or any spouse, parent, brother, sister, or child of the director; or
 4. Use or attempt to use his or her official position to secure or create privileges, exemptions, advantages, or treatment for the member or others in derogation of the interests of the corporation or of the Commonwealth.
- (b) A director shall not appear before the board or the corporation in any manner other than as a director.
- (c) A director shall abstain from action on an official decision in which he or she has or may have a personal or private interest, and shall disclose the existence of that personal or private interest in writing to each other member of the board on the same day on which the director becomes aware that the interest exists or that an official decision may be under consideration by the board. This disclosure shall cause the decision on these matters to be made in a meeting of the members of the board who do not have the conflict from which meeting the director shall be absent and from all votes on which matters the director shall abstain.
- (d) In determining whether to abstain from action on an official decision because of a possible conflict of interest, a director shall consider the following guidelines:
1. Whether a substantial threat to the director's independence of judgment has been created by his or her personal or private interest;

2. The effect of the director's participation on public confidence in the integrity of the corporation and of racing and gaming;
3. Whether the director's participation is likely to have any significant effect on the disposition of the matter;
4. The need for the director's particular contribution, such as special knowledge of the subject matter, to the effective functioning of the corporation; and
5. Whether the official decision will affect the director in a manner differently from the public, or will affect him or her as a member of a business, profession, occupation, or group to no greater extent generally than other members of the director's business, profession, occupation, or group.

Any director may request a vote of the disinterested members of the board on whether any director shall abstain from action on an official decision.

- (e) A director shall not knowingly disclose or use confidential information acquired in the course of his or her official duties in order to further the director's own economic interests, or those of any person.
 - (f) A director shall not knowingly receive, directly or indirectly, any interest or profit arising from the use or loan of corporation funds or funds to be raised through the corporation.
 - (g) A director shall not knowingly accept compensation, other than that provided in this section for directors, for performance of his or her official duties.
 - (h) A present or former director shall not, within one (1) year following termination of the director's membership on the board, accept employment, compensation, or other economic benefit from any person or business that contracts or does business with the corporation in matters in which he or she was directly involved during the director's tenure. This provision shall not prohibit an individual from continuing in the same business, firm, occupation, or profession in which he or she was involved prior to becoming a director, provided that, for a period of one (1) year following termination of his or her position as a director, the director personally refrains from working on any matter in which the director was directly involved as a director. A director's involvement in an official decision or other action of the corporation impacting a broad class of persons or entities, and affecting the director to no greater extent generally than the members of the class, shall not prohibit the director's employment or engagement as a member of the class for any period after service as a director.
 - (i) A director, or a spouse, child, brother, sister, or parent of that director shall not have a financial interest of more than five percent (5%) of the total value of any vendor, other supplier of goods or services to the corporation, or related entity. The corporation shall provide each member of the board with a list of all current vendors, which shall be updated on at least a quarterly basis.
- (4) The board of directors shall:
- (a) Approve, disapprove, amend, or modify the budget recommended by the

- president for the operation of the corporation;
- (b) Approve, disapprove, amend, or modify the terms of major procurements recommended by the president;
 - (c) Determine whether to recommend administrative regulations to carry out and implement its powers and duties, the operation of the corporation, the conduct of live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and on and after July 1, 2025, charitable gaming, and any other matters necessary or desirable for the efficient and effective operation of the corporation or convenience of the public;
 - (d) Review the performance of the corporation and:
 - 1. Advise the president and make recommendations to him or her regarding operations of the corporation;
 - 2. Identify potential improvements in this chapter, the administrative regulations of the corporation, and the management of the corporation; and
 - 3. Request from the corporation any information the board determines to be relevant to its duties; and
 - (e) Provide the president with private-sector perspectives on the operation of a racing and gaming enterprise.
- (5) In all other matters, the board shall advise and make recommendations.
- (6) (a) The initial members of the board shall be the members of the Kentucky Horse Racing Commission serving as of July 1, 2024. Those members shall continue to serve as board members of the corporation for two (2) additional years until July 1, 2026. The initial three (3) board members of the corporation who are charitable gaming representatives shall be appointed on or after March 27, 2025, to serve until July 1, 2026.
- (b) Any board member vacancy that occurs between July 1, 2024, and July 1, 2026, shall be filled by appointment for the remainder of that time period. An appointment of the chair or vice chair created by a vacancy between July 1, 2024, and July 1, 2026, shall require confirmation of the appointment by the Senate as provided in KRS 11.160 and subsection (1) of this section.
- (c) Beginning on July 1, 2026, board members shall be appointed for initial and regular terms in accordance with this section.
- (7) (a) Members of the board shall receive no compensation for serving on the board, but shall be reimbursed for travel expenses for attending meetings and performing other official functions consistent with the reimbursement policy for state employees established by KRS 45.101 and administrative regulations promulgated thereunder.
- (b) The vice chair may act in the absence of the chair.
- (c) Before entering upon the discharge of their duties, all members of the board of directors of the Kentucky Horse Racing and Gaming Corporation shall take the constitutional oath of office.
- (8) (a) All persons appointed to the corporation shall be of good moral character and

shall not have been convicted of, or under indictment for, a felony in Kentucky, in any other state, in federal court, or in a foreign country.

- (b) A board member of the corporation, or any family member of a member of the corporation, at the time of appointment or during the member's tenure on the corporation, shall not be a member of the legislature, a person holding any elective office in the state government, or any officer or official of any political party.
- (9) Each appointed board member of the corporation shall be required to undergo a national and state criminal background investigation. The criminal background investigation shall be by means of a fingerprint check by the Department of Kentucky State Police or equivalent state police body in the member's home state and the Federal Bureau of Investigation, pursuant to the following requirements:
- (a) The member shall provide his or her fingerprints to the Department of Kentucky State Police, or equivalent state police body in the member's home state, for submission to the Federal Bureau of Investigation after a state criminal background check is conducted;
 - (b) The results of the national and state criminal background check shall be sent to the corporation;
 - (c) The corporation shall be prohibited from releasing any criminal history record information to any private or public entity, or authorizing receipt by such private or public entity; and
 - (d) Any fee charged by the Department of Kentucky State Police or the Federal Bureau of Investigation shall be an amount no greater than the actual cost of processing the request and conducting the background check. The corporation may charge this fee to the member.
- (10) (a) The Governor may remove any board member for misfeasance, malfeasance, or nonfeasance in office.
- (b) The removal may be made after the member has been served with a copy of the charges against him or her and the member has a public hearing, if requested.
 - (c) The member charged may request a public hearing. The request shall be in writing and shall be submitted to the Governor's office within ten (10) days of the service of charges upon the member.
 - (d) If a public hearing is timely requested, the hearing shall be held before a hearing officer appointed by the Governor. The hearing officer shall make findings of fact and conclusions of law based upon the record of the hearing, and shall provide the Governor with a recommendation for action. The Governor's final decision, after recommendation by the hearing officer, may be appealed to the Circuit Court of the county in which the cause of action arose.
- (11) Members of the board of directors shall be subject to all applicable provisions of KRS Chapter 11A, except that this chapter shall control if and to the extent that any provision in this chapter is expressly inconsistent with any provision of KRS Chapter 11A.

(12) The provisions of KRS Chapters 18A and 64 shall not apply to the board, president, managers, or staff of the corporation.

Effective: March 27, 2025

History: Amended 2025 Ky. Acts ch. 124, sec. 4, effective March 27, 2025. -- Created 2024 Ky. Acts ch. 171, sec. 6, effective July 1, 2024.