

# **INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS**

## **Minutes of the 4th Meeting of the 2025 Interim**

**September 25, 2025**

### **Call to Order and Roll Call**

The fourth meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on September 25, 2025, at 11:00 AM in Room 154 of the Capitol Annex. Representative Matthew Koch, Chair, called the meeting to order, and the secretary called the roll.

### **Present were:**

Members: Representative Matthew Koch, Co-Chair; Senator Julie Raque Adams, Co-Chair; Senators Cassie Chambers Armstrong, Karen Berg, Donald Douglas, Jimmy Higdon, Jason Howell, Amanda Mays Bledsoe, Christian McDaniel, Stephen Meredith, Michael J. Nemes, and Matt Nunn; and Representatives Mike Clines, Anne Gay Donworth, Daniel Fister, Patrick Flannery, Al Gentry, Tony Hampton, Samara Heavrin, Thomas Huff, Kevin Jackson, Nima Kulkarni, Michael Meredith, Amy Neighbors, Rebecca Raymer, Tom Smith, and Nick Wilson.

Guests: Jamie Eads, President and CEO, Kentucky Horse Racing and Gaming Corporation (KHRG); Kim Sutherland, Director, Office of Charitable Gaming (OCG), KHRG; Henry Boone, Compliance Branch Manager, OCG, KHRG; Farrah Keith, Licensing Branch Manager, OCG, KHRG; Melissa Combs-Wright, Director, Pari-Mutuel Wagering, KHRG; Hannah Simms, Director, Sports Wagering, KHRG; Christina Sowders, President, Kentucky Quarter Horse Racing Association (KyQHRA); Adam Koenig, Executive Director, KyQHRA; and Mike Stone, Executive Director, Kentucky Council on Problem Gambling (KYCPG).

LRC Staff: Bryce Amburgey, CaraBell Preece, Jasmine Williams, and Lisa W. Moore.

### **Approval of the Minutes of the August 21, 2025, Meeting**

Senator Douglas motioned to approve the minutes from the August 21, 2025, meeting and Representative Smith seconded the motion. Motion carried and the minutes were approved by voice vote.

### **Kentucky Horse Racing and Gaming Corporation**

Jamie Eads, President and CEO, KHRG, said 2024 RS SB 299 restructured the Kentucky Horse Racing Commission (KHRC) into the KHRG, an independent, de jure municipal corporation and political subdivision of the Commonwealth. KHRG regulates all forms of

live horse racing, pari-mutuel wagering, sports wagering, breed integrity and development, and charitable gaming in Kentucky. Ms. Eads said integrity and safety for the wagering public remains a top priority for KHRG.

Ms. Eads said 2025 RS HB 566 created a new governance structure for the KHRG by expanding its board, including two new positions representing charitable gaming and the quarter horse industry; and directed the KHRG to evaluate and propose its licensing structure to the committee by October 1, 2025. The KHRG annually licenses all entities and individuals involved in racing or wagering in Kentucky, generating over \$3 million per year. KHRG's licensing personnel process over 30,000 license applications each year and refer any questionable applications to enforcement or the License Review Committee. She recommended keeping the status quo in the fee structure for the next year. Charitable gaming has not been operational with KHRG for a complete year, and it is difficult to create a fee structure without a complete review of the data.

In response to Representative Jackson, Ms. Eads said she is not aware of any complaints from local charitable gaming organizations, such as the VFW. KHRG has compliance officers that visit the local organizations and establish working relationships.

In response to Senator Higdon, Ms. Eads said charitable gaming will be regulated as directed by the General Assembly. She will review charitable gaming revenue and report back to the committee. Chair Koch said charitable gaming directs its monies back to charitable organizations, but it can be discussed in the future if some monies should go back to the state.

Responding to Representative Donworth, Ms. Eads said the data includes all charitable gaming licenses. She noted there is an exception for a few organizations whose raffles do not generate enough revenue to qualify.

In response to Representative Smith, Ms. Eads said KHRG regulates bingo through charitable gaming, but does not regulate poker card clubs.

Responding to Senator Chambers Armstrong, Ms. Eads said that compared to other states, Kentucky has high wagering on horse racing and charitable gaming and below mid-range in sports wagering. She said time is needed to review the data before changing fee structures.

Melissa Combs-Wright, Director of Pari-Mutuel Wagering, KHRG, explained that KHRG regulates all forms of pari-mutuel wagering on live, simulcast, and historical horse races (HHR). Division staff audits all licensed racetracks, totalizator companies, advanced deposit wagering (ADW) operators, and HHR systems to ensure regulatory compliance. Total

wagers in fiscal year 2025 for all pari-mutuel wagering was more than \$11 billion. Thirteen HHR facilities allow patrons to wager on previously run horse races on approved electric terminals. Wagers increased in 2024 to \$10.05 billion, while returning \$9.5 billion to players. The new facility in Owensboro is expected to generate \$125 million annually in regional economic impact, including 200 construction jobs, and 150 permanent jobs. The distribution of excise tax to development funds, general fund, and equine programs in 2023-2024 was \$292.5 million.

Hannah Simms, Director of Sports Wagering, KHRG, said with the passage of 2023 RS HB 551, Kentucky legalized sports wagering and placed it under the jurisdiction of KHRG. Only licensed Kentucky racetracks and their affiliated licensees may offer sports wagering at retail locations and on mobile applications. The majority of funds generated from the excise tax on sports wagering is deposited into the permanent pension fund, which was established to address Kentucky's unfunded pension liabilities. A percentage of funds is also deposited into the problem gambling assistance account. The total handle in 2023-2024 was over \$3.5 billion, and \$3.1 billion was returned in winnings to the players resulting in \$381.6 million total adjusted gross revenue.

Chair Koch commended \$73 million being returned to the public pension fund from the implementation of sports wagering. He also said pari-mutuel wagering is strong, and helps employ over 60,000 people in Kentucky in the horse industry. He noted the record-breaking 2025 Keeneland horse sales help put money back into Kentucky farms.

In response to Representative Gentry, Ms. Eads said she will determine how much tax revenue is returned to local governments who provide gaming establishments. Representative Gentry said it is \$0, and it is the biggest flaw in Kentucky's gaming model. He said local governments that offer gaming are not compensated for its social costs.

Responding to Representative Gentry, Ms. Eads said computer-assisted wagering (CAW) is the use of sophisticated algorithms and high-speed data processing by professional horseplayers to place thousands of bets in the final moments before a race. KHRG will report its findings on CAWs operating through ADW platforms. Representative Gentry said CAW systems place a massive number of bets, often thousands within seconds, just before a race starts. This last-minute influx of money can cause dramatic shifts in the odds and payout prices, often to the detriment of casual bettors. He is interested in learning why Kentucky racetracks are recording these bets as on-track betting and not as ADW.

Responding to Senator Berg, Ms. Simms said committee members received a sports wagering budget breakdown for fiscal year 2024. She will provide the committee with fiscal year 2025 budget data, including all administrative costs. Representative Meredith noted that the discrepancy between the \$4.9 billion handle and \$4.4 billion returned to players is

largely profit for the betting service companies and not the KHRG. The wagering companies are making a 10-12 percent gross profit margin.

### **Quarter Horse Update**

Christina Sowders, President, KyQHRA, and Adam Koenig, Executive Director, KyQHRA, provided an update on the quarter horse industry in Kentucky. Mr. Koenig said track construction is on time and the new track in Ashland will be ready for racing in 2026. KyQHRA and KHRG have completed site visits. Live photos and pictures can be viewed at [sandyridge.com](http://sandyridge.com).

Mr. Koenig said 2025 RS HB 566 created new administrative regulations and development and purse funds to specifically support quarter horse racing in Kentucky. He urged the committee to quickly approve the administrative regulations. The Kentucky quarter horse development fund regulation established the criteria for breeder awards, including residency and breeding requirements. The goal of the program is to bring more mares into the Commonwealth. Ms. Sowders said the new KHRG board member representing the quarter horse industry provides a much needed voice for their industry.

In response to Representative Gentry, Mr. Koenig said members are invited to opening day at the Ashland racetrack. He noted it would be the two-year anniversary of the HHR facility in Ashland.

Responding to Representative Smith, Ms. Sowders said tourism is growing around the quarter horse industry. Representative Smith said revenue generated from HHRs should be used to build tourism for all horses, not just thoroughbreds.

### **Problem Gambling**

Mike Stone, Executive Director, KYCPG, said two key risk factors for an individual developing a gambling problem are availability and access. Gambling is constantly available in every Kentucky county. Almost 80 percent of Kentucky adults gamble in some form each year, according to a 2022 survey by the National Council on Problem Gambling. He noted as many as 165,000 Kentuckians are considered problem gamblers because they meet one or more criteria for a gambling disorder.

Mr. Stone said there is a significant increase in helpline contacts and reportable services since the start of legal sports gambling. There is also an increased public awareness that gambling can be addictive and help may be available.

Responding to Chair Koch, Mr. Stone discussed the status of the problem gambling assistance account and the purpose of the funded contracts. KYCPG did not submit a proposal for awareness, choosing to concentrate on increasing the number of behavioral

health professionals credentialed to counsel gamblers and their families. The first contract awarded to KYCPG helped to supplement funding for the 28th Annual KYCPG Educational and Awareness Conference. Best practices were shared from other states to help individuals return to productive lives, including developing peer recovery specialists. The second contract is for an intensive, 30-hour classroom training program to prepare counselors for the International Problem Gambling Certification Organization Level One examination.

In response to Senator Mays Bledsoe, Mr. Stone said staff received a research analysis of gambling and problem gambling in Kentucky. It includes demographics and data cohorts, but no data specifically for college-age students. He noted other states have programs targeting college-age adults, but Kentucky does not. Senator Mays Bledsoe said many legislators would be interested in college-age statistics.

Responding to Representative Donworth, Mr. Stone said there are not enough certified counselors in Kentucky to treat problem gambling, but KYCPG is working on the issue. He said the updated website will focus on identification and outreach. Radio and television advertisements have been very effective in promoting the 1-800-GAMBLER hotline for gamblers to receive assistance.

Co-Chair Raque Adams thanked Mr. Stone for his years of service and dedication to problem gambling. She wished him well in his retirement and said he has made Kentucky a better place to live.

In response to Senator Chambers Armstrong, Mr. Stone said outcomes are usually not good for treating gambling addictions. Relapse is very common, even with gambling counseling. Experts say people who receive counseling, in addition to completing self-help programs through gamblers anonymous, have the best chance for success.

Chair Koch thanked Mr. Stone for his hard work and service to the Commonwealth.

### **Adjournment**

With no further business before the committee, the meeting adjourned at 12:15 PM.