

HOUSE OF REPRESENTATIVES

KENTUCKY GENERAL ASSEMBLY AMENDMENT FORM
2015 REGULAR SESSION
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Amend printed copy of HB 93/HCS 1

On page 1, line 3, delete from the beginning of the line through page 5, line 5, and insert in lieu thereof the following:

"➔Section 1. KRS 138.510 is amended to read as follows:

- (1) (a) Except as provided in paragraph (d) of this subsection, an excise tax is imposed on all tracks conducting pari-mutuel wagering on live racing under the jurisdiction of the commission as follows:
 - 1. For each track with a daily average live handle of one million two hundred thousand dollars (\$1,200,000) or above, the tax shall be in the amount of three and one-half percent (3.5%) of all money wagered on live races at the track during the fiscal year; and
 - 2. For each track with a daily average live handle under one million two hundred thousand dollars (\$1,200,000), the tax shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.
- (b) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting pari-mutuel wagering on historical horse races under the jurisdiction of the commission at a rate of one and one-half percent (1.5%) of all money wagered on historical horse races at the track during the fiscal year.

Amendment No. HFA 7

Sponsor: James L. Kay

Committee Amendment: _____

Signed: _____

Floor Amendment: _____

LRC Drafter: Newlett, Tom

Adopted: _____

Date: _____

Rejected: _____

Doc. ID: XXXXX

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- (c) Money shall be deducted from the tax paid under paragraphs (a) and (b) of this subsection and deposited as follows:
1. An amount equal to three-quarters of one percent (0.75%) of all money wagered on live races and historical horse races at the track for Thoroughbred racing shall be deposited in the Thoroughbred development fund established in KRS 230.400;
 2. An amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for harness racing shall be deposited in the Kentucky standardbred development fund established in KRS 230.770;
 3. An amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for quarter horse, Appaloosa, and Arabian horse racing shall be deposited in the Kentucky quarter horse, Appaloosa, and Arabian development fund established by KRS 230.445;
 4. An amount equal to two-tenths of one percent (0.2%) of all money wagered on live races and historical horse races at the track shall be deposited in the equine industry program trust and revolving fund established by KRS 230.550 to support the Equine Industry Program at the University of Louisville, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed six hundred fifty thousand dollars (\$650,000);
 5. a. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three

- hundred twenty thousand dollars (\$320,000).
- b. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subparagraph shall not replace other funds for capital purposes or operation of equine programs at state universities.
 - c. The Kentucky Council on Postsecondary Education shall serve as the administrative agent and shall establish an advisory committee of interested parties, including all universities with established equine programs, to evaluate proposals and make recommendations for the awarding of funds.
 - d. The Kentucky Council on Postsecondary Education may promulgate administrative regulations to establish procedures for administering the program and criteria for evaluating and awarding grants; and
6. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races shall be distributed to the commission to support equine drug testing as provided in KRS 230.265(3), except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).
- (d) The excise tax imposed by paragraph (a) of this subsection shall not apply to pari-mutuel wagering on live harness racing at a county fair.
 - (e) The excise tax imposed by paragraph (a) of this subsection, and the distributions provided for in paragraph (c) of this subsection, shall apply to money wagered on historical horse races beginning September 1, 2011, through March 31, 2014, and historical horse races shall be considered live racing for purposes of determining the daily average live handle. Beginning April 1, 2014, the tax imposed by paragraph (b)

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of this subsection shall apply to money wagered on historical horse races.

(f) 1. Notwithstanding the distributions required by subparagraphs 1., 2., and 3. of paragraph (c) of this subsection:

a. If two (2) or more licensed associations enter into an agreement to jointly conduct pari-mutuel wagering on historical horse races at a single location pursuant to a written agreement; and

b. The partnering associations include associations that generally do not offer races for the same breed;

the commission may, upon application of the partnering associations, establish an allocation of one percent (1%) of all money wagered on historical horse races at the location where the jointly conducted wagering occurs among the various breed development funds identified in subparagraphs 1., 2., and 3. of paragraph (c) of this subsection.

2. In making an application to the commission, the partnering associations may recommend an alternative distribution, and shall submit information requested by the commission in the form and format required by the commission.

3. a. Upon establishing an alternative allocation, the commission shall provide to the department the information necessary to make the alternative distribution to the appropriate funds.

b. Alternative allocations shall become effective as part of the regular distribution schedule beginning thirty (30) days after the department receives the required information from the commission.

c. The department shall continue to distribute the funds in the manner directed by the commission until notified in writing by the commission

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that the alternative allocation no longer applies.

- (2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is imposed on:
1. All tracks conducting telephone account wagering;
 2. All tracks participating as receiving tracks in intertrack wagering under the jurisdiction of the commission; and
 3. All tracks participating as receiving tracks displaying simulcasts and conducting interstate wagering thereon.
- (b) The tax shall be three percent (3%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.
- (c) A noncontiguous track facility approved by the commission on or after January 1, 1999, shall be exempt from the tax imposed under this subsection, if the facility is established and operated by a licensed track which has a total annual handle on live racing of two hundred fifty thousand dollars (\$250,000) or less. The amount of money exempted under this paragraph shall be retained by the noncontiguous track facility, KRS 230.3771 and 230.378 notwithstanding.
- (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of this subsection as follows:
1. An amount equal to two percent (2%) of the amount wagered shall be deposited as follows:
 - a. In the Thoroughbred development fund established in KRS 230.400 if the host track is conducting a Thoroughbred race meeting or the interstate wagering is conducted on a Thoroughbred race meeting;
 - b. In the Kentucky standardbred development fund established in KRS 230.770, if the host track is conducting a harness race meeting or the interstate wagering is conducted on a harness race meeting; or

- c. In the Kentucky quarter horse, Appaloosa, and Arabian development fund established by KRS 230.445, if the host track is conducting a quarter horse, Appaloosa, or Arabian horse race meeting or the interstate wagering is conducted on a quarter horse, Appaloosa, or Arabian horse race meeting;
 2. An amount equal to one-twentieth of one percent (0.05%) of the amount wagered shall be allocated to the equine industry program trust and revolving fund established by KRS 230.550 to be used to support the Equine Industry Program at the University of Louisville;
 3. An amount equal to one-tenth of one percent (0.1%) of the amount wagered shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities, as detailed in subsection (1)(c)5. of this section; and
 4. An amount equal to one-tenth of one percent (0.1%) of the amount wagered shall be distributed to the commission to support equine drug testing as provided in KRS 230.265(3).
- (3) The taxes imposed by this section shall be paid, collected, and administered as provided in KRS 138.530.

➔Section 2. KRS 230.770 is amended to read as follows:

- (1) There is hereby created a trust and revolving fund for the Kentucky Horse Racing Commission, designated as the Kentucky standardbred development fund, consisting of money allocated to the fund under the provisions of KRS 138.510, together with any other money contributed to or allocated to the fund from all other sources. For the purposes of this section, "development fund" or "fund" means the Kentucky standardbred development

fund. Money to the credit of the development fund shall be distributed by the Treasurer for the purposes provided in this section, upon authorization of the Kentucky Horse Racing Commission and upon approval of the secretary of the Finance and Administration Cabinet. Money to the credit of the fund at the end of each fiscal year shall not lapse but shall be carried forward in the fund to the succeeding fiscal year.

- (2) The Kentucky Horse Racing Commission shall use the development fund to promote races, **to assist in breed development and marketing,** and to provide purses for races~~[,]~~ for ~~{Kentucky bred }~~standardbred horses.
- (3) The racing commission shall provide for distribution of money **from**~~[to the credit of]~~ the development fund to persons, corporations, or associations operating licensed standardbred race tracks within Kentucky on an equitable basis, for the **purposes set forth in subsection (4) of this section**~~[purpose of conducting separate races for Kentucky bred standardbred horses, both trotting and pacing].~~
- (4) Money distributed from the development fund to licensed standardbred race tracks within the Commonwealth shall be used ~~{exclusively }~~to:
 - (a)** Promote races;
 - (b)** **Assist in breed development and marketing;**
 - (c)** **Attract high-quality races for all standardbred horses;** and
 - (d)** Provide purses for races conditioned to admit only Kentucky-bred standardbred horses.
- (5) The Kentucky Horse Racing Commission shall fix the amount of money to be paid from the development fund to be added to the purse provided for each race by the licensed operator of the track; shall fix the dates and conditions of races to be held by licensed race tracks; and shall promulgate administrative regulations necessary to carry out the provisions of this section.

- (6) The Kentucky Horse Racing Commission may promulgate administrative regulations necessary to determine the eligibility of *Kentucky-bred standardbred* horses for entry in races *conditioned to admit only Kentucky-bred standardbred horses*~~[for which a portion of the purse is provided by money of the development fund]~~, including administrative regulations for the eligibility, residency, and registration of mares, stallions, and progeny thereof. Registration of stallions may occur any time during the breeding season, but shall occur no later than December 31 of the year of conception of the eligible horse.
- (7) The Kentucky Horse Racing Commission shall appoint qualified personnel necessary to supervise registration of, or determination of eligibility of, horses entitled to entry in races *conditioned to admit only Kentucky-bred standardbred horses*, a portion of the purse of which is provided by the development fund, to assist the racing commission in determining the conditions, class, and quality of the fund supported race program to be established hereunder so as to carry out the purposes of this section. These persons shall serve at the pleasure of the racing commission and compensation shall be fixed by the racing commission. The compensation of personnel and necessary expenses shall be paid out of the development fund. The racing commission shall promulgate administrative regulations to carry out the provisions of this section, and shall administer the Kentucky sire stakes program created hereby in a manner best designed to promote and aid in the development of the horse industry in Kentucky; to upgrade the quality of racing in Kentucky; and to improve the quality of horses bred in Kentucky.

➔Section 3. KRS 230.802 is amended to read as follows:

- (1) *(a)* There is hereby created in the State Treasury a trust and revolving fund designated as the "Kentucky standardbred breeders incentive fund." The fund shall be administered by the Kentucky Horse Racing Commission.
- (b)* For tax periods beginning on or after June 1, 2005, thirteen percent (13%) of all

receipts collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky shall be deposited in the fund together with any other money contributed, appropriated, or allocated to the fund from all other sources.

(c) The money deposited in the fund is hereby appropriated for the uses set forth in this section.

(d) Any money remaining in the fund at the close of any calendar year shall not lapse but shall be carried forward to the next calendar year. The fund may also receive additional state appropriations, gifts, grants, and federal funds. All interest earned on money in the fund shall be credited to the fund.

(2) (a) The Kentucky Horse Racing Commission shall use moneys deposited in the Kentucky standardbred breeders incentive fund to administer the fund and **to:**

1. Assist in:

a. Breed development;

b. Marketing and promotion of the breed; and

c. Attracting high-quality standardbred races for all standardbred horses;

and

2. Provide rewards for breeders or owners of Kentucky-bred standardbred horses.

(b) The Kentucky Horse Racing Commission shall promulgate administrative regulations establishing the conditions and criteria for the distribution of moneys from the fund.

(c) The Department of Revenue may promulgate administrative regulations establishing the procedures necessary to determine the correct allocation of sales tax receipts described in subsection (1) of this section.

(d) As soon as practicable after the close of each calendar year, the racing commission shall disburse moneys in the Kentucky standardbred breeders incentive fund to be

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used to promote, enhance, improve, and encourage the further and continued development of the standardbred breeding industry in Kentucky, under the administrative regulations promulgated pursuant to paragraph (b) of this subsection."