

1 AN ACT relating to pari-mutuel tax.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

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

- 4 (1) (a) Except as provided in paragraph (d) of this subsection and subsection (3) of
5 this section, an excise tax is imposed on all tracks conducting pari-mutuel
6 wagering on live racing under the jurisdiction of the commission as follows:
- 7 1. For each track with a daily average live handle of one million two
8 hundred thousand dollars (\$1,200,000) or above, the tax shall be in the
9 amount of three and one-half percent (3.5%) of all money wagered on
10 live races at the track during the fiscal year; and
 - 11 2. For each track with a daily average live handle under one million two
12 hundred thousand dollars (\$1,200,000), the tax shall be one and one-half
13 percent (1.5%) of all money wagered on live races at the track during the
14 fiscal year.
- 15 (b) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting
16 pari-mutuel wagering on historical horse races under the jurisdiction of the
17 commission at a rate of one and one-half percent (1.5%) of all money wagered
18 on historical horse races at the track during the fiscal year.
- 19 (c) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
20 this subsection and deposited as follows:
- 21 1. An amount equal to three-quarters of one percent (0.75%) of all money
22 wagered on live races and historical horse races at the track for
23 Thoroughbred racing shall be deposited in the Thoroughbred
24 development fund established in KRS 230.400;
 - 25 2. An amount equal to one percent (1%) of all money wagered on live
26 races and historical horse races at the track for harness racing shall be
27 deposited in the Kentucky standardbred development fund established in

- 1 KRS 230.770;
- 2 3. An amount equal to one percent (1%) of all money wagered on live
- 3 races and historical horse races at the track for quarter horse, paint horse,
- 4 Appaloosa, and Arabian horse racing shall be deposited in the Kentucky
- 5 quarter horse, paint horse, Appaloosa, and Arabian development fund
- 6 established by KRS 230.445;
- 7 4. An amount equal to two-tenths of one percent (0.2%) of all money
- 8 wagered on live races and historical horse races at the track shall be
- 9 deposited in the equine industry program trust and revolving fund
- 10 established by KRS 230.550 to support the Equine Industry Program at
- 11 the University of Louisville, except that the amount deposited from
- 12 money wagered on historical horse races in any fiscal year shall not
- 13 exceed six hundred fifty thousand dollars (\$650,000);
- 14 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
- 15 wagered on live races and historical horse races at the track shall
- 16 be deposited in a trust and revolving fund to be used for the
- 17 construction, expansion, or renovation of facilities or the purchase
- 18 of equipment for equine programs at state universities, except that
- 19 the amount deposited from money wagered on historical horse
- 20 races in any fiscal year shall not exceed three hundred twenty
- 21 thousand dollars (\$320,000).
- 22 b. These funds shall not be used for salaries or for operating funds for
- 23 teaching, research, or administration. Funds allocated under this
- 24 subparagraph shall not replace other funds for capital purposes or
- 25 operation of equine programs at state universities.
- 26 c. The Kentucky Council on Postsecondary Education shall serve as
- 27 the administrative agent and shall establish an advisory committee

1 of interested parties, including all universities with established
2 equine programs, to evaluate proposals and make
3 recommendations for the awarding of funds.

4 d. The Kentucky Council on Postsecondary Education may
5 promulgate administrative regulations to establish procedures for
6 administering the program and criteria for evaluating and awarding
7 grants; and

8 6. An amount equal to one-tenth of one percent (0.1%) of all money
9 wagered on live races and historical horse races shall be distributed to
10 the commission to support equine drug testing as provided in KRS
11 230.265(3), except that the amount deposited from money wagered on
12 historical horse races in any fiscal year shall not exceed three hundred
13 twenty thousand dollars (\$320,000).

14 (d) The excise tax imposed by paragraph (a) of this subsection shall not apply to
15 pari-mutuel wagering on live harness racing at a county fair.

16 (e) The excise tax imposed by paragraph (a) of this subsection, and the
17 distributions provided for in paragraph (c) of this subsection, shall apply to
18 money wagered on historical horse races beginning September 1, 2011,
19 through March 31, 2014, and historical horse races shall be considered live
20 racing for purposes of determining the daily average live handle. Beginning
21 April 1, 2014, the tax imposed by paragraph (b) of this subsection shall apply
22 to money wagered on historical horse races.

23 (2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is
24 imposed on:

25 1. All tracks conducting telephone account wagering;

26 2. All tracks participating as receiving tracks in intertrack wagering under
27 the jurisdiction of the commission; and

- 1 3. All tracks participating as receiving tracks displaying simulcasts and
2 conducting interstate wagering thereon.
- 3 (b) The tax shall be three percent (3%) of all money wagered on races as provided
4 in paragraph (a) of this subsection during the fiscal year.
- 5 (c) A noncontiguous track facility approved by the commission on or after
6 January 1, 1999, shall be exempt from the tax imposed under this subsection,
7 if the facility is established and operated by a licensed track which has a total
8 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
9 or less. The amount of money exempted under this paragraph shall be retained
10 by the noncontiguous track facility, KRS 230.3771 and 230.378
11 notwithstanding.
- 12 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
13 this subsection as follows:
- 14 1. An amount equal to two percent (2%) of the amount wagered shall be
15 deposited as follows:
- 16 a. In the Thoroughbred development fund established in KRS
17 230.400 if the host track is conducting a Thoroughbred race
18 meeting or the interstate wagering is conducted on a Thoroughbred
19 race meeting;
- 20 b. In the Kentucky standardbred development fund established in
21 KRS 230.770, if the host track is conducting a harness race
22 meeting or the interstate wagering is conducted on a harness race
23 meeting; or
- 24 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
25 Arabian development fund established by KRS 230.445, if the host
26 track is conducting a quarter horse, paint horse, Appaloosa, or
27 Arabian horse race meeting or the interstate wagering is conducted

1 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
2 meeting;

- 3 2. An amount equal to one-twentieth of one percent (0.05%) of the amount
4 wagered shall be allocated to the equine industry program trust and
5 revolving fund established by KRS 230.550 to be used to support the
6 Equine Industry Program at the University of Louisville;
- 7 3. An amount equal to one-tenth of one percent (0.1%) of the amount
8 wagered shall be deposited in a trust and revolving fund to be used for
9 the construction, expansion, or renovation of facilities or the purchase of
10 equipment for equine programs at state universities, as detailed in
11 subsection (1)(c)5. of this section; and
- 12 4. An amount equal to one-tenth of one percent (0.1%) of the amount
13 wagered shall be distributed to the commission to support equine drug
14 testing as provided in KRS 230.265(3).

15 (3) ~~[(a) The provisions of this subsection shall apply retroactively to January 1, 2015,~~
16 ~~and shall expire on December 31, 2017.~~

17 ~~(b)~~ If a host track in this state is the location for the conduct of a two (2) day
18 international horse racing event that distributes in excess of a total of twenty
19 million dollars (\$20,000,000) in purses and awards:

20 (a)~~[1.]~~ The excise tax imposed by subsection (1)(a) of this section shall
21 not apply to money wagered at the track on live races conducted at the
22 track during the two (2) day international horse racing event; and

23 (b)~~[2.]~~ Amounts wagered at the track on live races conducted at the track
24 during the two (2) day international horse racing event shall not be
25 included in calculating the daily average live handle for purposes of
26 subsection (1) of this section.

27 (4) The taxes imposed by this section shall be paid, collected, and administered as

1 provided in KRS 138.530.