

1 AN ACT relating to the expansion of gaming and making an appropriation therefor.

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

3 ➔Section 1. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO
4 READ AS FOLLOWS:

5 *The General Assembly hereby finds and declares that:*

- 6 *(1) The budget difficulties being experienced by the Commonwealth call for creative*
7 *solutions that generate revenue, enhance the Kentucky tourism industry to draw*
8 *in revenue from outside the state, and create new entertainment options for the*
9 *citizens of the state;*
- 10 *(2) The Kentucky Lottery Corporation, created by this chapter, has a long history of*
11 *administering games for the benefit of the Commonwealth and ensuring an*
12 *accurate and transparent accounting process for the proceeds generated by*
13 *lottery games;*
- 14 *(3) The horse racing industry is one of Kentucky's distinguishing characteristics and*
15 *is a prominent tourism resource for the Commonwealth with a long history of*
16 *conducting legal, regulated, pari-mutuel wagering at licensed horse racing*
17 *tracks. Horse racing tracks currently operate in limited areas of the*
18 *Commonwealth where pari-mutuel wagering has been accepted, and the*
19 *operation of expanded gaming at racetracks would not conflict with established*
20 *community moral standards; and*
- 21 *(4) The General Assembly's intention is to authorize and responsibly control the*
22 *conduct of expanded gaming by:*
- 23 *(a) Limiting the locations of expanded gaming to:*
- 24 *1. No more than four (4) free-standing casinos to be located in precincts*
25 *that approve the conduct of expanded gaming; and*
- 26 *2. Horse racing tracks that already conduct pari-mutuel wagering, which*
27 *shall be allowed to conduct electronic games, but shall not be allowed*

- 1 full casino gaming;
- 2 (b) Educating the public about the dangers associated with problem and
- 3 compulsive gambling;
- 4 (c) Prohibiting participation in expanded gaming by any person under twenty-
- 5 one (21) years of age; and
- 6 (d) Strictly regulating expanded gaming to promote public confidence in the
- 7 honesty and integrity of those conducting it.

8 ➔Section 2. KRS 154A.010 is amended to read as follows:

9 As used in this chapter, unless the context requires otherwise:

- 10 (1) "Amateur athletics" means any interscholastic athletics in which the participating
- 11 athletes are elementary or secondary school students of any public or private
- 12 institution of learning; any intercollegiate athletics in which the participating athletes
- 13 are students of any public or private institution of higher education; or any athletics
- 14 sponsored or regulated by the following amateur athletic associations including, but
- 15 not limited to:
- 16 (a) United States Olympic Committee;
- 17 (b) National Collegiate Athletic Association;
- 18 (c) National Association of Intercollegiate Athletics;
- 19 (d) Kentucky High School Athletic Association;
- 20 (e) Kentucky Amateur Athletics Union;
- 21 (f) Bluegrass State Games;
- 22 (g) Little League Baseball;
- 23 (h) Amateur Softball Association;
- 24 (i) Babe Ruth Leagues of Kentucky;
- 25 (j) American Legion Baseball;
- 26 (k) Kentucky Youth Soccer Association; or
- 27 (l) Kentucky Special Olympics;

- 1 (2) "Authorizing location" means a precinct which has conducted a local option
2 election to permit casino gaming within the boundary of the precinct;
- 3 (3) "Casino" means a facility at which gaming may be conducted, including games
4 using cards, dice, roulette wheels, and electronic gaming devices, upon approval
5 by the corporation;
- 6 (4) "Corporation" means the Kentucky Lottery Corporation;
- 7 (5) "County" means a county, urban-county government, consolidated local
8 government, charter county government, or unified local government within the
9 Commonwealth of Kentucky;
- 10 (6) "County legislative body" means:
- 11 (a) In a county, the fiscal court;
- 12 (b) In an urban-county government, the urban county council;
- 13 (c) In a consolidated local government, the metro council;
- 14 (d) In a unified local government, the legislative council; and
- 15 (e) In a charter county government, the charter county government legislative
16 body;
- 17 (7) "Department" means the Kentucky Department of Revenue;
- 18 (8) "Full casino gaming" means the operation of:
- 19 (a) Electronic games such as slot machines; and
- 20 (b) Table games, including but not limited to games such as poker, blackjack,
21 and roulette;
- 22 (9) "Gaming licensee" means a person licensed to operate a casino under this
23 chapter;
- 24 (10) "Gross gaming revenue" means the handle less the total value of cash, vouchers,
25 tokens, or other indicators of value redeemed as winnings by players, excluding
26 any promotional free play credits or tokens;
- 27 (11) "Handle" means the total dollar value of cash, tokens, or other indicators of

1 value wagered by players;

2 (12) "Licensee" means a person holding a license issued under this chapter to:

3 (a) Operate a casino;

4 (b) Operate a limited casino;

5 (c) Supply gaming equipment; or

6 (d) Work within the gaming industry in any of the occupations the corporation
7 has deemed to be a licensed occupation under the authority of this chapter;

8 (13) "Limited casino gaming" means the operation of only electronic gaming
9 machines such as slot machines. Limited casino gaming does not include table
10 games such as poker, blackjack, or roulette;

11 (14)~~(3)~~ "Lottery" means any game of chance approved by the corporation and
12 operated pursuant to this chapter, except for games prohibited by the General
13 Assembly as provided for in KRS 154A.063;

14 (15)~~(4)~~ "Major lottery-specific procurement" means any gaming product or service,
15 including~~;~~ but not limited to~~;~~ major advertising contracts, annuity contracts, prize
16 payment agreements, consulting services, personal service contracts, equipment,
17 tickets, and all other products and services unique to the operation of the
18 corporation in its lottery activities, but not including materials, supplies, equipment,
19 and services common to the ordinary operations of a corporation;

20 (16)~~(5)~~ "President" means the president of the Kentucky Lottery Corporation who
21 shall also serve as chief executive officer of the corporation;

22 (17) "Principal" means any of the following individuals associated with a
23 partnership, trust, association, limited liability company, or corporation that is
24 licensed or applies for a license under this chapter:

25 (a) The chairman and all members of the board of directors of a corporation;

26 (b) All partners of a partnership and all participating members of a limited
27 liability company;

- 1 (c) All trustees and trust beneficiaries of an association;
- 2 (d) The president or chief executive officer and all other officers, managers,
- 3 and employees who have policy-making or fiduciary responsibility within
- 4 the organization;
- 5 (e) All stockholders or other individuals who own, hold, or control, either
- 6 directly or indirectly, five percent (5%) or more of stock or financial interest
- 7 in the collective organizations; and
- 8 (f) Any other employee, agent, guardian, personal representative, or lender or
- 9 holder of indebtedness who has the power to exercise a significant influence
- 10 over the applicant's or licensee's operation;

11 ~~(18)~~~~(6)~~ (a) With respect to an individual, "related entity" means any spouse, child,

12 brother, sister, or parent residing as a member of the same household in the

13 principal place of abode of the individual, and any entity with respect to which

14 the individual, or spouse, child, brother, sister, or parent of the individual has a

15 financial interest of five percent (5%) or more, or is an officer, director,

16 employee, or partner; and

17 (b) With respect to any partnership, corporation, joint venture, or other entity,

18 "related entity" means any officer, director, employee, partner, or owner of a

19 financial interest of five percent (5%) or more of the total value thereof; any

20 parent, subsidiary, or brother corporation; and any other entity with which the

21 given entity has an identity of ownership of fifty percent (50%) or more.

22 ~~(19)~~~~(7)~~ "Retailer" means any person with whom the corporation has contracted to sell

23 lottery tickets to the public;

24 ~~(20)~~~~(8)~~ "Security" means the protection of information that would provide an unfair

25 advantage to any individual or other entity involved or seeking involvement in the

26 operation of the lottery or the supply of major lottery-specific procurement items to

27 the corporation, and the protection of:

1 (a) Information that relates to detection or deterrence of, or could assist in the
 2 perpetration of, crimes against the corporation or its retailers, their locations,
 3 or their employees; or

4 (b) Information which could impair or adversely impact the ability of the
 5 corporation or its retailers to protect the integrity of the lottery or protect
 6 lottery equipment, supplies, or proceeds;

7 ~~(21)~~~~(9)~~ "Sports contest" means any professional or amateur sport, athletic game or
 8 contest, or race or contest involving machines, persons, or animals, except horses,
 9 that is viewed by the public; and

10 ~~(22)~~~~(10)~~ "Vendor" means any person who has entered into a major lottery-specific
 11 procurement contract with the corporation.

12 ➔Section 3. KRS 154A.030 is amended to read as follows:

13 (1) (a) The affairs of the corporation shall be administered by a board of directors
 14 composed of twelve (12)~~eight (8) members~~.

15 (b) One (1) member of the board shall be the State Treasurer, one (1) member
 16 shall be the executive director of the Kentucky Horse Racing Commission,
 17 and one (1) member shall be the Kentucky Auditor of Public Accounts or
 18 his or her designee, and these three (3) members~~who~~ shall serve on the
 19 board in an ex officio capacity.

20 (c) The other nine (9)~~seven (7)~~ members shall be appointed by the Governor,
 21 subject to the advice and consent of the Senate, with the following
 22 restrictions:

23 1. One (1) board member shall be a licensed attorney and member in
 24 good standing with the Kentucky Bar Association who shall have
 25 demonstrated expertise in the fields of business and corporate law and
 26 commercial transactions; and

27 2. One (1) board member shall be certified as a peace officer in the

1 *Commonwealth of Kentucky and shall have demonstrated expertise in*
2 *complex criminal investigations involving theft, embezzlement, money*
3 *laundering, financial fraud, or criminal syndication and organized*
4 *crime.*

5 (d) Members appointed when the Senate is not in session shall serve only until the
6 next regular session, or special session if such matter is included in the call
7 therefor of the General Assembly, at which time they shall be subject to
8 confirmation by the Senate. If the Senate is not in session, the appointments
9 shall be subject to review by the Interim Joint Committee on State Government
10 which shall hold a public hearing and shall transmit its recommendations to the
11 Senate. Should the Senate refuse to confirm a member then *the member*~~[he]~~
12 shall forfeit his *or her* office as of the date on which the Senate refuses to
13 confirm him. Any person not confirmed by the Senate shall not be reappointed
14 as a member for a period of two (2) years. Members appointed by the
15 Governor, and confirmed by the Senate, shall be residents of the
16 Commonwealth of Kentucky and serve a term of four (4) years~~[-, except that of~~
17 ~~the initial members appointed, two (2) shall be appointed for one (1) year with~~
18 ~~the term ending on the twenty-eighth (28th) day of November, 1989; two (2)~~
19 ~~shall be appointed for two (2) years with the term ending on the twenty-eighth~~
20 ~~(28th) day of November, 1990; two (2) shall be appointed for three (3) years~~
21 ~~with the term ending on the twenty-eighth (28th) day of November, 1991; and~~
22 ~~one (1) shall be appointed for four (4) years with the term ending on the~~
23 ~~twenty-eighth (28th) day of November, 1992].~~

24 (e) Members, confirmed by the Senate, may serve thirty (30) days beyond the end
25 of their respective terms if their successors have not been appointed and
26 qualified. If the Governor fails to appoint a successor within thirty (30) days of
27 expiration of a member's term, the board shall make the appointment.

- 1 (f) No appointed member shall serve more than two (2) consecutive four-year
2 terms.
- 3 (g) No more than six (6)~~four (4)~~ of the members appointed by the Governor
4 shall be from the same political party.
- 5 (h) Appointed members may be removed by the Governor for neglect of duty,
6 misfeasance, or nonfeasance in office.
- 7 (i) The board shall annually elect a chairman from among its appointed members.
- 8 (2) (a) No member of the board of directors, by himself or herself or through others,
9 shall knowingly:
- 10 1. Use or attempt to use his or her influence in any manner which involves
11 a substantial conflict between his or her personal or private interest and
12 his or her duties to the corporation;
- 13 2. Use or attempt to use any means to influence the corporation in
14 derogation of the corporation;
- 15 3. Use his or her official position or office to obtain financial gain for
16 himself or herself, or any spouse, parent, brother, sister, or child of the
17 director; or
- 18 4. Use or attempt to use his or her official position to secure or create
19 privileges, exemptions, advantages, or treatment for himself or herself or
20 others in derogation of the interests of the corporation or of the
21 Commonwealth.
- 22 (b) No director shall appear before the board or the corporation in any manner
23 other than as a director.
- 24 (c) A director shall abstain from action on an official decision in which he or she
25 has or may have a personal or private interest, and shall disclose the existence
26 of that personal or private interest in writing to each other member of the
27 board on the same day on which the director becomes aware that the interest

1 exists or that an official decision may be under consideration by the board. This
2 disclosure shall cause the decision on these matters to be made in a meeting of
3 the members of the board who do not have the conflict from which meeting the
4 director shall be absent and from all votes on which matters the director shall
5 abstain.

6 (d) In determining whether to abstain from action on an official decision because
7 of a possible conflict of interest, a director shall consider the following
8 guidelines:

- 9 1. Whether a substantial threat to his or her independence of judgment has
10 been created by his or her personal or private interest;
- 11 2. The effect of his or her participation on public confidence in the integrity
12 of the corporation and the lottery;
- 13 3. Whether his or her participation is likely to have any significant effect on
14 the disposition of the matter;
- 15 4. The need for his or her particular contribution, such as special
16 knowledge of the subject matter, to the effective functioning of the
17 corporation; and
- 18 5. Whether the official decision will affect him or her in a manner
19 differently from the public, or will affect him or her as a member of a
20 business, profession, occupation, or group to no greater extent generally
21 than other members of his or her business, profession, occupation, or
22 group.

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

25 (e) No director, in order to further his or her own economic interests, or those of
26 any person, shall knowingly disclose or use confidential information acquired
27 in the course of his or her official duties.

- 1 (f) No director shall knowingly receive, directly or indirectly, any interest or profit
2 arising from the use or loan of lottery funds or funds to be raised through the
3 lottery.
- 4 (g) No director shall knowingly accept compensation, other than that provided in
5 this section for directors, for performance of his or her official duties.
- 6 (h) No present or former director shall, within one (1) year following termination
7 of his or her membership on the board, accept employment, compensation, or
8 other economic benefit from any person or business that contracts or does
9 business with the corporation in matters in which he or she was directly
10 involved during his tenure. This provision shall not prohibit an individual from
11 continuing in the same business, firm, occupation, or profession in which he or
12 she was involved prior to becoming a director, provided that, for a period of
13 one (1) year following termination of his or her position as a director, he or
14 she personally refrains from working on any matter in which he or she was
15 directly involved as a director.
- 16 (i) No director, and no spouse, child, brother, sister, or parent of that director
17 shall have a financial interest of more than five percent (5%) of the total value
18 of any:
- 19 1. Vendor or other supplier of goods or services to the corporation;
- 20 2. Retailer or related entity;
- 21 3. *Gaming licensee licensed under this chapter to conduct full or limited*
22 *casino gaming; or*
- 23 4. *Gaming licensee licensed under this chapter to supply casino gaming*
24 *equipment or material.*
- 25 (j) The corporation shall provide each member of the board with a list of all
26 current vendors, *gaming licensees, and licensed suppliers of casino gaming*
27 *equipment and material,* which shall be updated on at least a quarterly basis.

- 1 (3) Appointed members of the board of directors shall be entitled to five thousand
2 dollars (\$5,000) per year as remuneration for serving on the board, except for the
3 chairman, who shall receive seven thousand five hundred dollars (\$7,500), and all
4 members shall be reimbursed for necessary travel and other reasonable expenses
5 incurred in the performance of their official duties.
- 6 (4) The board, upon call of the chairman or the president, shall meet at least monthly for
7 the first eighteen (18) months after the effective date of this Act, and bimonthly
8 thereafter and at such other times as the chairman or the president may determine.
9 Seven (7)~~Four (4)~~ members of the board shall constitute a quorum. The board shall
10 also meet upon call of five (5)~~three (3)~~ or more of the voting members of the
11 board. The board shall keep accurate and complete records of all its meetings.
- 12 (5) The State Treasurer, the executive director of the Kentucky Horse Racing
13 Commission, and the Auditor of Public Accounts or the Auditor's designee shall
14 not be compensated for their~~his~~ service on the board.
- 15 (6) The president of the corporation shall be appointed by the Governor subject to
16 confirmation by the board of directors. Should the board of directors refuse to
17 confirm the appointment of the president, then the Governor shall submit another
18 name. The person whose appointment was refused shall not be renamed for
19 confirmation for a period of two (2) years. The board of directors shall meet within
20 thirty (30) days of the date the Governor submits the name of a nominee for
21 president of the corporation and shall, within that time frame, either approve or
22 reject the nomination. The president of the corporation shall manage the daily affairs
23 of the corporation and shall have such powers and duties as specified by KRS
24 154A.070 and by the board of directors. The president shall not be a member of the
25 board. The president of the corporation may be removed by the board of directors.
- 26 (7) All meetings of the board shall be open unless they may be closed under KRS 61.810
27 or relate to trade secrets, legally-protectable intellectual property, confidential

1 proprietary information, the security of the corporation in the operation of the
 2 lottery or casino gaming, or the security of the lottery's retailers or licensees.

3 ➔Section 4. KRS 154A.040 is amended to read as follows:

4 (1) All records of the corporation shall be deemed open records and subject to public
 5 inspection, unless:

6 (a) The record is excluded from inspection under KRS 61.870 to 61.884 under
 7 KRS 61.878;

8 (b) The record involves a trade secret or other legally-protectable intellectual
 9 property or confidential proprietary information of the corporation or of a
 10 vendor or licensee; or

11 (c) The disclosure of the record could impair or adversely impact the security of
 12 the corporation in the operation of the lottery or casino gaming, or the
 13 security of lottery retailers or licensees.

14 (2) The provisions of KRS 61.878, 61.880, and 61.884 shall apply to records of the
 15 lottery corporation with the exception that the only Circuit Court with jurisdiction
 16 over the records of the lottery corporation is the Circuit Court in the county where
 17 the corporate headquarters of the lottery corporation is located.

18 ➔Section 5. KRS 154A.063 is amended to read as follows:

19 (1) The corporation shall not utilize amateur athletics for any purpose including, but not
 20 limited to, advertising, promoting, conducting a lottery, or as a basis for a lottery.

21 (2) ~~{The corporation shall not approve and operate any casino or similar gambling~~
 22 ~~establishment and shall not approve or operate any game played with playing cards,~~
 23 ~~dice, dominos, slot machines, roulette wheels, or where winners are determined by~~
 24 ~~the outcome of a sports contest.~~

25 (3) ~~{This section shall not be construed to prohibit the corporation from advertising the~~
 26 ~~lottery at, during, or in connection with a sports contest.~~

27 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO

1 READ AS FOLLOWS:

2 (1) An application for the placement of a casino and the beginning of full casino
3 gaming shall not be approved by the corporation unless the precinct within which
4 the casino is to be located has approved the establishment of a casino by local
5 option election.

6 (2) Local option elections for the purpose of approving full casino gaming may only
7 be conducted when:

8 (a) The county or city legislative body approves an ordinance directing an
9 election to be held in that precinct; or

10 (b) A petition for an election is signed by a number of constitutionally qualified
11 voters of the precinct equal to twenty-five percent (25%) of the votes cast in
12 the precinct in the last preceding general election.

13 (3) If a petition for a local option election for the purpose of approving the conduct
14 of casino gaming is circulated:

15 (a) The petition:

16 1. May consist of one (1) or more separate units;

17 2. In addition to the name of the voter, shall also state his or her
18 residence address, date of birth, and the correct date upon which his
19 or her name was signed; and

20 3. Shall specify that the election is to be held to allow the operation of a
21 casino within the precinct;

22 (b) No signer may withdraw his or her name or have it taken from the petition
23 after the petition has been filed. If the name of any person has been placed
24 on the petition without his or her authority:

25 1. He or she may appear before the county judge/executive before the
26 election is ordered and, upon proof that his or her name was placed
27 on the petition without his or her authority, that name shall be

- 1 eliminated by an order of the county judge/executive; and
- 2 2. When his or her name has been eliminated, that name shall not be
- 3 counted as a petitioner;
- 4 (c) No petition for a local option election for the purpose of approving the
- 5 conduct of casino gaming shall be circulated for more than six (6) months
- 6 prior to its filing; and
- 7 (d) After a petition for election has been filed with the county clerk, the county
- 8 judge/executive shall make an order on the order book of the county
- 9 legislative body directing an election to be held in that precinct.
- 10 (4) The date of the local option election:
- 11 (a) May be stated in the ordinance passed by the county or city legislative body;
- 12 (b) May be stated in the petition for election; or
- 13 (c) If the date is not stated, shall be designated by the county judge/executive.
- 14 (5) The local option election shall be held:
- 15 (a) During the next regular election; or
- 16 (b) Not earlier than sixty (60) days nor later than ninety (90) days after:
- 17 1. The adoption of the ordinance by the county or city legislative body;
- 18 or
- 19 2. The date the petition is filed with the county clerk.
- 20 (6) The local option election may be held on the same day that a general election is
- 21 held, or on a day other than a regular election day.
- 22 (7) The proposition to be voted upon shall be stated without emblems, and voters
- 23 shall designate a "Yes" or a "No" vote. In any election the form of the
- 24 proposition shall be, "Are you in favor of the operation of casino gaming in
- 25 (name of precinct)?"
- 26 (8) No local option election on casino gaming shall be held in the same precinct
- 27 more than once every three (3) years.

1 (9) The person or persons sponsoring the petition drive shall agree to reimburse the
 2 county for the costs of the local option election for casino gambling held on any
 3 day other than a general election day.

4 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO
 5 READ AS FOLLOWS:

6 (1) Within five (5) days after the county judge/executive orders an election, the
 7 county clerk shall give to the sheriff a certified copy of the order.

8 (2) The sheriff shall:

9 (a) Have the order published pursuant to KRS Chapter 424 in the county;

10 (b) Advertise the order by written or printed handbills posted at not less than
 11 five (5) conspicuous places in the precinct for two (2) weeks before the
 12 election; and

13 (c) Report to the county judge/executive that the notices have been published
 14 and posted.

15 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO
 16 READ AS FOLLOWS:

17 If an election to approve casino gaming is to be on a day other than a regular election
 18 day, then:

19 (1) Not more than twenty (20) days prior to an election, any group of citizens that in
 20 good faith favors or opposes the proposition to be submitted may file with the
 21 chairman of the county board of elections a petition asking that it be recognized
 22 as the committee entitled to nominate election officers and to certify:

23 (a) Challengers;

24 (b) Witnesses to the counting of the votes and certification of the results; and

25 (c) Guards to assist in guarding the boxes or machines containing the votes
 26 which have been cast during the period which the group desires;

27 (2) If more than one (1) group claims the right to nominate election officers and

1 certify challengers, witnesses, and guards, the county board of elections shall
 2 promptly decide and publicly announce which committee is entitled to nominate
 3 officers and certify challengers, witnesses, and guards;

4 (3) The decision of the county board of elections required under subsection (2) of
 5 this section may be appealed to the county judge/executive, and, upon hearing,
 6 the county judge/executive shall determine which group shall be recognized;

7 (4) The respective committees advocating and opposing the proposition shall each
 8 file with the chairman of the county board of elections before the time designated
 9 for the selection of officers a list of not more than four (4) persons possessing the
 10 qualifications of election officers, and the board of elections shall appoint the
 11 officers from those lists as provided in subsection (6) of this section;

12 (5) The committees may sign and issue certifications designating:

13 (a) Challengers at the polls;

14 (b) Witnesses to the count of votes; and

15 (c) Guards to assist in guarding the boxes containing the vote which have been
 16 cast, in the same manner as political committees under the general election
 17 laws; and

18 (6) The county board of elections, not more than fifteen (15) and not less than ten
 19 (10) days before the day appointed for the holding of the election, shall:

20 (a) Appoint officers to conduct the election in the manner provided by general
 21 election laws;

22 (b) Make equal division of officers between those favoring and those opposing
 23 the proposition, instead of between political parties; and

24 (c) Make the same equal division of challengers at the polls, of witnesses at the
 25 count, and of guards to guard the boxes.

26 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 154A IS CREATED TO
 27 READ AS FOLLOWS:

- 1 (1) The result of the election shall be certified by the county board of elections.
- 2 (2) The certificate of the result shall be immediately filed with the county clerk, and
- 3 the county judge/executive shall have the certificate entered on the order book.
- 4 (3) The entry of the certificate, or an attested copy thereof, shall be prima facie
- 5 evidence of the result of the election in actions under this chapter.
- 6 (4) An attested copy of the certificate of the result shall be forwarded by the county
- 7 clerk to the corporation.

8 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
9 TO READ AS FOLLOWS:

- 10 (1) After receipt of a certificate of results from a county clerk and validation of the
- 11 requirements, the corporation shall advertise an invitation to bid for an initial
- 12 casino license.
- 13 (2) The corporation shall be the only government agency in the Commonwealth
- 14 authorized to solicit bids for the purpose of licensing a casino.
- 15 (3) Advertisements for an invitation to bid for an initial casino license:
- 16 (a) Shall be placed in at least two (2) newspapers with the largest circulation
- 17 within the Commonwealth;
- 18 (b) May be advertised on the Internet or other electronic media of general
- 19 circulation;
- 20 (c) May not be conducted by mail, phone, or other media directly to a company
- 21 or companies involved in the casino gaming industry;
- 22 (d) Shall contain a description of the geographical area involved and note the
- 23 location of any racing associations licensed under KRS Chapter 230 within
- 24 the geographical area;
- 25 (e) Shall include any restrictions on the casino the county or city deems
- 26 necessary;
- 27 (f) Shall include a description from the county or city of the minimum

1 acceptable facility;

2 (g) Shall include a requirement that responses to the invitation to bid be
 3 submitted to and received by the corporation within sixty (60) days of the
 4 date of the initial advertisement; and

5 (h) Shall include a requirement that responses include:

6 1. The planned location of the casino;

7 2. A description of the planned facility and any amenities to be included
 8 in addition to the casino;

9 3. The number of employees planned for the facility;

10 4. Estimated annual gross gaming revenue; and

11 5. Any other information the corporation deems necessary or relevant.

12 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
 13 TO READ AS FOLLOWS:

14 (1) (a) The corporation, with input from the county or city in which the full casino
 15 shall be located, shall evaluate all proposals for full casinos to determine
 16 feasibility.

17 (b) Factors to be evaluated for feasibility shall be those specified in subsection
 18 (3)(h) of Section 10 of this Act.

19 (c) Proposals found to be not feasible shall be returned to the respondent by the
 20 corporation with a detailed explanation for finding the proposal to be not
 21 feasible.

22 (d) A copy of any returned proposal and the explanation for finding it not
 23 feasible shall be retained by the corporation and shall be a public record to
 24 be furnished upon request to any interested party.

25 (2) Sixty (60) days after issuing the initial invitation to bid, the corporation shall stop
 26 accepting bids.

27 (3) Proposals found to be feasible shall be ranked based upon the total value of the

1 response to the invitation to bid.

2 (4) The initial casino license shall be provisionally awarded to the respondent with
 3 the highest value bid within four (4) business days after the sixty (60) day bidding
 4 deadline if the respondent:

5 (a) Successfully completes all aspects of the initial casino licensing process;

6 (b) Provides full payment of the initial licensing fee to the corporation within
 7 thirty (30) days after bid award; and

8 (c) Provides any additional information the corporation requests.

9 (5) If the respondent provisionally awarded the initial license is unable to fulfill the
 10 requirements of paragraphs (a), (b), and (c) of subsection (4) of this section:

11 (a) The provisional award shall be withdrawn; and

12 (b) The respondent with the next highest bid value shall be provisionally
 13 awarded the initial license.

14 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
 15 TO READ AS FOLLOWS:

16 (1) (a) The initial licensing fee for a full casino shall be fifty million dollars
 17 (\$50,000,000).

18 (b) An initial full casino license shall be valid for a period of ten (10) years
 19 from the date of issuance.

20 (c) No additional full casino licenses shall be issued during the ten (10) year
 21 term of the initial casino license.

22 (2) In addition to the initial license fee specified in subsection (1) of this section,
 23 after the initial ten (10) year licensing period, each casino licensee shall also pay
 24 an annual licensing fee of six million dollars (\$6,000,000) for ongoing gaming
 25 operations.

26 (3) No county or other local government shall charge any licensing fees in addition
 27 to the initial licensing fee specified in subsection (1) of this section.

1 (4) Amounts paid to the corporation for casino licensing shall be used to:

2 (a) Pay for the costs of oversight and administration of casino licensure borne
3 by the corporation; and

4 (b) Amounts in excess of the amount required by paragraph (a) of this
5 subsection shall be allocated to the Kentucky Employees Retirement System
6 nonhazardous pension fund, the Kentucky Employees Retirement System
7 hazardous pension fund, and the Kentucky Teachers' Retirement System
8 pension fund in amounts the General Assembly determines best meet the
9 needs of the respective funds at that time.

10 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
11 TO READ AS FOLLOWS:

12 (1) It is the intent of this chapter to permit the licensing of limited casinos at horse
13 racing tracks licensed under KRS Chapter 230 as of January 1, 2017.

14 (2) (a) An application for limited casino gaming shall not be approved by the
15 corporation unless:

16 1. The precinct in which the applicant is located has approved casino
17 gaming by local option election as specified in Sections 6, 7, 8, and 9
18 of this Act;

19 2. A statement has been received by the corporation from the
20 Department of Revenue reciting that all state taxes owed by the
21 applicant have been paid;

22 3. A statement has been received by the corporation from the Division of
23 Unemployment Insurance in the Department of Workforce Investment
24 reciting that all employer contributions, interest, penalties, and service
25 capacity upgrade fund assessments have been paid; and

26 4. A statement has been received by the corporation from the county
27 treasurer of the county in which the applicant conducts business

1 stating that there are no delinquent real or personal property taxes
2 owed by the applicant.

3 (b) For the purpose of this subsection, taxes, interest, and penalties are owed
4 only if such amounts are final, due, and owing, with all administrative
5 appeals and legal actions having been waived or exhausted.

6 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
7 TO READ AS FOLLOWS:

8 (1) Any person applying to the corporation for a license to conduct limited casino
9 games under this chapter shall:

10 (a) Apply on forms prescribed by the corporation;

11 (b) Pay an initial license fee in the amount of twenty-five million dollars
12 (\$25,000,000); and

13 (c) Pay an annual renewal fee of twenty-five thousand dollars (\$25,000).

14 (2) The corporation shall not finally issue a license to casino gaming until the initial
15 licensing fee required in subsection (1) of this section is paid in full or partially,
16 in accordance this subsection.

17 (3) Amounts paid to the corporation for limited casino licensing shall be allocated to
18 the Kentucky Employees Retirement System nonhazardous pension fund, the
19 Kentucky Employees Retirement System hazardous pension fund, and the
20 Kentucky Teachers' Retirement System pension fund in amounts the General
21 Assembly determines best meet the needs of the respective funds at that time.

22 (4) (a) The applicant shall identify, by name and address, each principal and each
23 natural person or entity holding a legal or beneficial interest of five percent
24 (5%) or greater in the applicant.

25 (b) When a natural person or entity acquires the status of a principal, or
26 acquires a legal or beneficial interest of five percent (5%) or greater in an
27 approved licensee, the applicant or licensee shall supplement its application

1 with the information required for submission under this subsection within
2 thirty (30) days of acquiring knowledge of the new information.

3 (c) This requirement shall also apply if an entity or natural person ceases to
4 hold the status of a principal or ceases to hold a legal or beneficial interest
5 of five percent (5%) or greater.

6 (5) The applicant shall also submit to the corporation a copy of the application
7 previously submitted to the Kentucky Horse Racing Commission required for
8 licensing as a racetrack under KRS Chapter 230.

9 (6) The corporation shall approve an application by a racetrack licensed under KRS
10 Chapter 230 to conduct limited casino gaming if the racetrack meets the
11 requirements of this section and Section 13 of this Act.

12 (7) An application by a racetrack licensed under KRS Chapter 230 may be denied,
13 rescinded, suspended, revoked, or not renewed, if:

14 (a) The applicant track does not meet or ceases to meet the requirements for
15 issuance of the license issued under KRS Chapter 230;

16 (b) The applicant track has committed fraud in securing the license issued
17 under KRS Chapter 230 or has made a material misrepresentation of fact
18 on the application for approval to conduct casino gaming;

19 (c) The applicant track or licensee fails to submit payment of the wagering and
20 admissions taxes due under Sections 23 to 26 of this Act;

21 (d) The applicant track or licensee has tampered with a slot machine or other
22 electronic game by any means, including the use of an electronic, electrical,
23 or mechanical device which is designed, constructed, or programmed
24 specifically for use in obtaining an advantage in playing any historical
25 racing machine, slot machine, or other casino game; or

26 (e) The applicant track has engaged in an activity that is a violation of this
27 chapter or an administrative regulation promulgated under this chapter, the

1 nature of which would render the licensee unsuitable to continue as a
2 licensed casino operator.

3 (8) (a) For the purposes of this subsection, a "change of ownership" shall have
4 occurred if more than twenty percent (20%) of the legal or beneficial
5 interests in the licensee is transferred, whether by direct or indirect means,
6 including a transfer between family members.

7 (b) A license issued to conduct limited casino gaming under this section shall
8 not be transferable and shall be terminated upon any change of ownership,
9 unless:

10 1. The acquiring owner makes application for the issuance of a license
11 and is approved at least thirty (30) days prior to the effective date of
12 the change of ownership;

13 2. The application shall be filed and processed in accordance with this
14 section; and

15 3. A license fee shall be paid by the acquiring owner. The fee shall be
16 based upon the percentage of ownership acquired, multiplied by the
17 license fee amount specified in subsection (1) of this section.

18 (c) In the event of a change of ownership resulting from death or disability, the
19 license shall not be terminated if the successor provides notice thereof to the
20 corporation within thirty (30) days of the event and provides the corporation
21 with such other information as the corporation may reasonably request.
22 However, the license may be terminated by the corporation after a hearing
23 if the corporation determines that the successor does not meet the criteria
24 and qualifications set forth in this chapter.

25 (d) This subsection shall not apply to a corporate owner of a limited casino
26 license that has its securities registered pursuant to 15 U.S.C. secs. 78a to
27 78kk if:

- 1 1. The corporation or entity files with the United States Securities and
- 2 Exchange Commission the reports required by 15 U.S.C. sec. 78m; or
- 3 2. The equity or securities of the corporation or entity are regularly
- 4 traded on an established securities market in the United States.

5 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
6 TO READ AS FOLLOWS:

7 (1) A track that holds a license to conduct limited casino gaming shall:

8 (a) During each year in which it holds the license, run at least as many live

9 races for the same primary breed as were run in calendar year 2017; and

10 (b) Simulcast at least as many live races for the same primary breed as were

11 simulcast in calendar year 2017, unless a temporary reduction in the

12 number of live races is otherwise agreed to by:

13 1. The Kentucky Division of the Horsemen's Benevolent and Protective

14 Association and the Kentucky Thoroughbred Owners and Breeders

15 Association, Incorporated, or their successors, for thoroughbred

16 racing; or

17 2. The Kentucky Harness Horsemen's Association, or its successor, for

18 standardbred racing.

19 (2) A track shall be deemed to have met the requirements of subsection (1) of this

20 section if the track is prevented from running a live race or races by reason of:

21 (a) Flood;

22 (b) Fire;

23 (c) Inclement weather or natural disaster; or

24 (d) Emergencies for other reasons beyond the control of the racetrack.

25 (3) (a) On any day during a recognized race meeting on which an approved track

26 does not run live races, unless races are canceled by an emergency as

27 described in subsection (2) of this section, the approved track shall not

1 conduct limited casino gaming.

2 **(b) This subsection shall apply to a joint limited casino facility operated by two**
3 **(2) racetracks located in the same county if any one (1) of them does not**
4 **run live races on a day or days during which either is designated by the**
5 **authority to conduct a race meeting.**

6 **(c) If racing days for a track are reduced by agreement under subsection (2) of**
7 **this section, those racing days so reduced may be awarded by the Kentucky**
8 **Horse Racing Commission to another racing association in order to ensure**
9 **that there will be no net reduction of racing days in the Commonwealth.**

10 **(4) The corporation shall authorize an approved track to operate casino gaming on**
11 **days and during hours requested by an approved track, with the days and hours**
12 **of operation specified by the track in its license application, and these days and**
13 **hours may include days during which the approved track is not conducting live**
14 **racing.**

15 **(5) For each approved track, including a facility operated jointly by two (2)**
16 **racetracks located in the same county, the job classifications, job duties, wage**
17 **rates, and benefits of all nonsupervisory positions directly related to pari-mutuel**
18 **terminal operations, money room functions associated with pari-mutuel**
19 **wagering, and the operation of historical racing machines or limited casino**
20 **games shall be established by agreement of the parties to a collective bargaining**
21 **agreement, provided that employees who are required to do so obtain the**
22 **necessary occupational licenses under this chapter.**

23 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
24 TO READ AS FOLLOWS:

25 **(1) The corporation shall not grant a license authorized under this chapter to any**
26 **entity if the corporation determines that any of the entity's principals:**

27 **(a) Has been convicted of a felony related to the security or integrity of the**

1 lottery in this or any other jurisdiction, unless at least ten (10) years have
2 passed since satisfactory completion of the sentence or probation imposed
3 by the court for each felony;

4 (b) Has been convicted of any illegal gambling activity in this or any other
5 jurisdiction, unless at least ten (10) years have passed since satisfactory
6 completion of the sentence or probation imposed by the court for each
7 conviction;

8 (c) Has been found to have violated this chapter or any administrative
9 regulation promulgated thereunder, unless at least ten (10) years have
10 passed since the violation;

11 (d) Is a vendor, employee, or agent of a casino gaming supplier;

12 (e) Resides in the same household as an officer of the corporation; or

13 (f) Has made a statement of material fact to the corporation, knowing such
14 statement to be false, unless at least ten (10) years have passed since the
15 statement was made.

16 (2) All new applicants for a license issued by the corporation shall submit to a
17 nationwide criminal background investigation by means of a fingerprint
18 check by the Department of Kentucky State Police and the Federal Bureau
19 of Investigation at the applicant's expense. The results of the national and
20 state criminal background check shall be sent to the board by the
21 Department of Kentucky State Police;

22 (3) (a) Applicant for casino or limited casino licenses shall furnish all information,
23 including:

24 1. Financial data and documents;

25 2. Certifications;

26 3. Consents;

27 4. Waivers;

- 1 5. Individual history forms; and
2 6. Other material requested by the corporation for the purpose of
3 determining qualifications for a license.

4 (b) No license may be granted, issued, or renewed to an applicant who fails to
5 provide information and documentation requested by the corporation.

6 (4) The burden of proving qualification for any license is on the applicant.

7 (5) All application, registration, disclosure forms, and other documents submitted to
8 the corporation by or on behalf of an applicant for the purpose of determining
9 qualification for a license shall be sworn to or affirmed before an officer
10 qualified to administer oaths.

11 (6) An applicant that knowingly fails to reveal any fact material to qualification or
12 that knowingly submits false or misleading material information shall be
13 ineligible for a license under this chapter.

14 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
15 TO READ AS FOLLOWS:

16 (1) Applications for a casino license, manufacturer's license, or supplier's license
17 shall be submitted on application forms furnished by the corporation. All
18 applications shall be submitted to the corporation in accordance with procedures
19 adopted through the promulgation of administrative regulations.

20 (2) The corporation shall not issue a license unless it has determined that the
21 applicant has submitted a completed application and has submitted all
22 supplemental documentation or other information the corporation may require
23 for a thorough evaluation of the applicant's proposals and qualifications.
24 Information submitted under this section shall be subject to the Kentucky Open
25 Records Act, KRS 61.870 to 61.884.

26 (3) Applications for a casino license, limited casino license, manufacturer's license,
27 or supplier's license shall contain, at a minimum, the following information:

- 1 (a) The name, business address, and telephone number of the applicant;
- 2 (b) The name, business address, and telephone number of any attorney who
- 3 may represent the applicant in matters before the corporation;
- 4 (c) The name, business address, and telephone number of any individual
- 5 designated by the applicant as a contact person with whom the corporation
- 6 shall communicate concerning the application;
- 7 (d) The name, business address, and telephone number of all individuals who:
- 8 1. Answer questions set forth in an application;
- 9 2. Make statements in an application; or
- 10 3. Provide documents or other information to be submitted to the
- 11 corporation in connection with an application;
- 12 (e) In the case of an application for a supplier's or manufacturer's license:
- 13 1. A licensing fee of twenty-five thousand dollars (\$25,000);
- 14 2. The location of the applicant's principal place of business; and
- 15 3. All locations at which gaming supplies and equipment furnished for
- 16 use in Kentucky are manufactured, assembled, or held prior to
- 17 distribution to gaming licensees;
- 18 (f) In the case of an application for a full casino license:
- 19 1. The applicant's principal place of business; and
- 20 2. The location of the proposed casino;
- 21 (g) A description of the applicant's ownership structure and identification of
- 22 the principals of the applicant;
- 23 (h) A statement as to whether the applicant possesses or has possessed any
- 24 license or other grant of authority in Kentucky or in any other state or
- 25 foreign country regarding:
- 26 1. The operation of a casino;
- 27 2. Any gaming-related activity; or

- 1 3. The manufacture or distribution of gaming supplies and equipment;
- 2 (i) A statement as to whether the applicant has ever had any license or other
- 3 grant of authority referred in paragraph (h) of this subsection revoked,
- 4 denied, or not renewed, with a description of the reasons for loss of the
- 5 license or grant of authority;
- 6 (j) 1. A statement as to whether the applicant or any principal of the
- 7 applicant has been indicted for or convicted of a felony in:
- 8 a. Kentucky;
- 9 b. Any other state;
- 10 c. A federal court; or
- 11 d. A foreign country.
- 12 2. An applicant, owner, or controller possessing a conviction or subject
- 13 to indictment shall provide documentation detailing the charges, dates
- 14 of the charges, the prosecuting authorities, disposition of the charges,
- 15 and sentencing;
- 16 (k) 1. A statement as to whether the applicant or any person who owns or
- 17 controls the applicant:
- 18 a. Has been the subject of any voluntary or involuntary bankruptcy
- 19 proceeding;
- 20 b. Has been involved in a formal process to adjust, defer, suspend,
- 21 or resolve the payment of a debt; or
- 22 c. Has been served with a complaint or notice filed in a court or
- 23 with any government body concerning state, local, or federal tax
- 24 delinquency.
- 25 2. An applicant, owner, or controller shall supplement the application
- 26 with any documentation or information necessary to explain the
- 27 circumstances addressed in subparagraph 1.a. to c. of this paragraph,

1 if applicable;

2 (l) An applicant shall submit to a nationwide criminal background
3 investigation by means of a fingerprint check by the Department of
4 Kentucky State Police and the Federal Bureau of Investigation at the
5 applicant's expense. The results of the national and state criminal
6 background check shall be sent to the board by the Department of Kentucky
7 State Police;

8 (m) A statement listing the names and titles of public officials or officers of any
9 unit of Kentucky state government and their family members who:

10 1. Directly or indirectly have a financial or beneficial interest in;

11 2. Are the creditors of;

12 3. Hold a debt instrument issued by; or

13 4. Have an interest in;

14 a contractual or service relationship with an applicant for a license issued
15 under the authority of this chapter;

16 (n) In the case of an applicant for a manufacturer's or supplier's license, a
17 statement describing the types of products and services the applicant intends
18 to furnish;

19 (o) Copies of the applicant's latest federal and state income tax returns; and

20 (p) Any other information the corporation may require.

21 (4) All applicants and licensees shall report to the corporation concerning any
22 changes in information required to be submitted in an application within thirty
23 (30) days after becoming aware of the circumstance requiring them to make a
24 report.

25 (5) With respect to manufacturer's and supplier's license applications, upon a
26 determination that the applicant qualifies for the license, the corporation:

27 (a) Shall issue a manufacturer's or supplier's license within ninety (90) days of

- 1 its receipt of a completed application accompanied by all required fees;
- 2 **(b) 1. May issue a temporary manufacturer's or supplier's license if it:**
- 3 **a. Has received a completed application with the required fees and**
- 4 **fingerprint cards;**
- 5 **b. Has initially determined the application to be materially**
- 6 **accurate; and**
- 7 **c. Is unable to issue the license within ninety (90) days after receipt**
- 8 **due to circumstances that are not the fault of the applicant.**
- 9 **2. A temporary manufacturer's or supplier's license shall be valid for a**
- 10 **period of ninety (90) days and shall not be renewed; or**
- 11 **(c) 1. Shall deny a manufacturer's or supplier's license if the applicant does**
- 12 **not qualify for the license.**
- 13 **2. The corporation shall issue a denial of the applicant's license if the**
- 14 **corporation determines the applicant is unqualified for a**
- 15 **manufacturer's or supplier's license upon or before the expiration of**
- 16 **the applicant's temporary license.**
- 17 **3. The corporation shall send notice of license denial in writing, and**
- 18 **service thereof shall be accomplished:**
- 19 **a. In the manner provided for service of process in civil actions; or**
- 20 **b. By certified mail, return receipt requested, to the address**
- 21 **provided by the applicant in the license application.**
- 22 **(6) An applicant operating under the authority of a temporary manufacturer's or**
- 23 **supplier's license shall cease all operations for which a license is required upon**
- 24 **receipt of notice of denial, or upon the expiration of the temporary license,**
- 25 **whichever is earlier.**
- 26 **(7) An applicant aggrieved by the corporation's denial of a license application under**
- 27 **this section may request administrative review in accordance with Section 22 of**

1 this Act.

2 (8) The corporation may investigate the holder of a license at any time it determines
3 that an investigation is necessary to ensure that the license holder is in
4 compliance with this chapter.

5 (9) The holder of a manufacturer's license, supplier's license, or casino license shall
6 not transfer or assign the license without prior approval of the corporation. The
7 corporation may promulgate administrative regulations to establish criteria and
8 procedures governing the transfer of licenses.

9 (10) Unless a license is suspended, expires, or is revoked, it may be renewed annually
10 upon:

11 (a) Payment of the license and renewal fee as promulgated by the corporation
12 in administrative regulations; and

13 (b) A determination by the corporation that the holder of the license is in
14 compliance with this chapter.

15 ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
16 TO READ AS FOLLOWS:

17 No person shall sell, lease, or otherwise furnish gaming supplies and equipment in the
18 Commonwealth of Kentucky unless the person possesses a supplier's license issued by
19 the corporation.

20 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
21 TO READ AS FOLLOWS:

22 (1) A person under twenty-one (21) years of age shall not place a wager on a game at
23 a full or limited casino.

24 (2) A person under twenty-one (21) years of age shall not be permitted access to
25 areas of a full or limited casino in which games are operated.

26 (3) A gaming licensee shall limit the number of entrances to areas in which
27 gambling games are situated to facilitate compliance with this section.

1 ➔SECTION 20. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
2 TO READ AS FOLLOWS:

3 (1) (a) The corporation shall determine the occupations related to casino gaming,
4 and to the manufacture and supply of gaming supplies and equipment, that
5 will require a license.

6 (b) The corporation shall establish the occupations through promulgation of
7 administrative regulations.

8 (c) An occupational license shall be valid for twelve (12) months from the date
9 it is issued.

10 (2) No individual shall be employed by a casino in an occupation for which a license
11 is required under this chapter or administrative regulations promulgated
12 thereunder, unless the individual possesses an occupational license authorizing
13 the employment.

14 (3) The corporation may issue an occupational license to an applicant if:

15 (a) The applicant applies to the corporation on a form furnished by the
16 corporation, and the corporation determines that the application is complete
17 and materially accurate;

18 (b) The applicant submits to a nationwide criminal background investigation
19 by means of a fingerprint check by the Department of Kentucky State Police
20 and the Federal Bureau of Investigation at the applicant's expense. The
21 results of the national and state criminal background check shall be sent to
22 the board by the Department of Kentucky State Police;

23 (c) The corporation determines that the applicant is qualified to possess the
24 license for the occupation in which the applicant has sought employment;

25 (d) The applicant is at least twenty-one (21) years of age;

26 (e) The applicant is not an unauthorized alien as defined by 8 U.S.C. sec.
27 1324a(h)(3); and

1 (f) The license fee is paid to the corporation at the time of application. The
2 license fee required under this section:

3 1. Shall be paid in the amount established by the corporation through
4 promulgation of administrative regulations;

5 2. The amount established by the corporation shall not be greater than
6 the cost to issue the license; and

7 3. Is nonrefundable unless the corporation does not issue the requested
8 license.

9 (4) An application for an occupational license shall contain, at a minimum, the
10 following information:

11 (a) The name, residence, address, telephone number, Social Security number,
12 and date of birth of the applicant;

13 (b) A statement as to whether the applicant possesses or has possessed an
14 occupational license in Kentucky or in any other state or foreign country
15 authorizing the applicant to work in an occupation related to casino
16 gaming;

17 (c) A statement as to whether the applicant has ever had any occupational
18 license or other grant of authority referred to in paragraph (b) of this
19 subsection revoked, denied, or not renewed, together with a description of
20 the reasons for the loss of license or grant of authority;

21 (d) A statement as to whether the applicant has been indicted for or convicted
22 of a crime in Kentucky, in any other state, in a federal court, or in a foreign
23 country. An applicant shall provide documentation detailing:

24 1. The charges;

25 2. Dates of charges;

26 3. The prosecuting authorities;

27 4. Disposition of the charges; and

- 1 5. Sentencing; and
- 2 (e) Any other information the corporation may require.
- 3 (5) Applicants for or holders of occupational licenses shall report to the corporation
4 concerning any changes in information required to be submitted in an
5 application within thirty (30) days after becoming aware of the circumstances
6 requiring them to make a report.
- 7 (6) The corporation shall issue an occupational license within thirty (30) days of
8 receipt of a completed application accompanied by the required fee and the
9 fingerprint cards necessary to process a state and national criminal history record
10 check, and upon a determination that the applicant qualifies for the license.
- 11 (7) The corporation shall deny an occupational license if the applicant does not
12 qualify for the license.
- 13 (8) (a) The corporation may issue a temporary occupational license if it has
14 received a completed application with the required fees and fingerprint
15 cards, has initially determined the application to be materially accurate,
16 and is unable to issue the license within thirty (30) days after receipt due to
17 circumstances that are not the fault of the applicant.
- 18 (b) A temporary occupational license shall be valid for a period of ninety (90)
19 days and shall not be renewed.
- 20 (c) If the corporation determines that the applicant is unqualified for an
21 occupational license upon or before the expiration of the applicant's
22 temporary occupational license, it shall issue a denial of the applicant's
23 license.
- 24 (9) An applicant working under the authority of a temporary occupational license
25 shall cease his or her employment upon receipt of written notice of license denial,
26 or upon expiration of the temporary license, whichever is earlier.
- 27 (10) All notices of license denial issued under this section shall be in writing, and:

- 1 (15) Notwithstanding subsection (14) of this section, an applicant may apply to the
 2 corporation for a waiver of the disqualification. The corporation may waive
 3 disqualification if the disqualifying offense is a felony but is not related to:
 4 (a) Theft under KRS Chapter 514;
 5 (b) Bribery under KRS Chapter 521;
 6 (c) Perjury under KRS Chapter 523;
 7 (d) Robbery under KRS Chapter 515;
 8 (e) Gambling under KRS Chapter 528;
 9 (f) Forgery under KRS Chapter 516;
 10 (g) Offenses under KRS Chapters 517 and 506; or
 11 (h) Identify theft under KRS 514.160 and 514.170.

- 12 (16) An applicant aggrieved by the corporation's denial of a license application under
 13 this section may request administrative review in accordance with Section 22 of
 14 this Act.

15 ➔SECTION 21. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
 16 TO READ AS FOLLOWS:

- 17 (1) The corporation may initiate disciplinary action against applicants for licenses,
 18 license holders, and other persons determined to have violated this chapter or the
 19 administrative regulations promulgated under the authority of this chapter.
 20 (2) Disciplinary actions available to the corporation shall include:
 21 (a) Administrative fines;
 22 (b) Denial of license;
 23 (c) Nonrenewal of license;
 24 (d) Suspension or revocation of a license;
 25 (e) Letters of reprimand; and
 26 (f) Orders to cease and desist in conduct violating this chapter or
 27 administrative regulations promulgated thereunder.

1 (3) Disciplinary action, including the amount of an administrative fine, shall be
 2 based upon the violator's record of compliance or noncompliance with this
 3 chapter and administrative regulations and upon the severity of the offense with
 4 which the violator is charged.

5 (4) No administrative fine shall exceed fifty thousand dollars (\$50,000) for a single
 6 offense.

7 (5) Notice of disciplinary action shall be in writing, and service thereof shall be
 8 accomplished:

9 (a) In the manner provided for service of process in civil actions; or

10 (b) By certified mail, return receipt requested, to the address provided by the
 11 applicant in its license application if the violator is an applicant or a license
 12 holder.

13 (6) Administrative fines imposed under this section may be paid at any time after the
 14 violator is notified of the amount of the fine and shall be paid:

15 (a) Within thirty (30) days after the corporation enters a final order affirming
 16 the fine; or

17 (b) Thirty (30) days after the final order is no longer the subject of a pending
 18 proceeding for judicial review.

19 ➔SECTION 22. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
 20 TO READ AS FOLLOWS:

21 (1) Any applicant aggrieved by the corporation's denial of a license, and any
 22 applicant, license holder, or other person aggrieved by the imposition of
 23 disciplinary action, may obtain administrative review of the denial or action by
 24 filing a request for administrative review with the corporation.

25 (2) The request for administrative review shall:

26 (a) Be in writing;

27 (b) Specify the grounds for challenging the corporation's action; and

1 (c) Be delivered to the corporation by certified mail or hand delivery within
 2 thirty (30) days after receipt of notice of the action by the aggrieved person.

3 (3) Administrative review shall be governed by KRS Chapter 13B.

4 (4) Upon completion of administrative proceedings concerning a request for
 5 administrative review, the corporation shall enter a final order which shall
 6 constitute its official action with respect to the matters underlying the request.

7 (5) A party aggrieved by the final order of the corporation may obtain judicial review
 8 of the order by filing a petition for judicial review in Circuit Court. The
 9 provisions of KRS Chapter 13B shall apply to all petitions for judicial review.

10 (6) (a) The corporation may summarily suspend a license or take other emergency
 11 action as deemed necessary if it determines that actions of persons
 12 regulated under this chapter constitute an immediate threat to public safety
 13 or welfare.

14 (b) Emergency remedies imposed under this subsection may be imposed
 15 without prior hearing, only if written notice is delivered to the parties
 16 affected by the corporation's actions.

17 (c) Service of notice shall be accomplished in the manner provided for service
 18 of process in civil actions.

19 (d) KRS 13B.125 shall apply to emergency remedies imposed by the
 20 corporation.

21 ➔SECTION 23. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
 22 READ AS FOLLOWS:

23 As used in Sections 23 to 26 of this Act:

24 (1) "Casino" has the same meaning as in Section 2 of this Act;

25 (2) "Full casino gaming" has the same meaning as in Section 2 of this Act;

26 (3) "Gaming licensee" has the same meaning as in Section 2 of this Act;

27 (4) "Gross gaming revenue" has the same meaning as in Section 2 of this Act;

1 (5) "Handle" has the same meaning as in Section 2 of this Act; and

2 (6) "Limited casino gaming" has the same meaning as in Section 2 of this Act.

3 ➔SECTION 24. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) A tax is imposed against each gaming licensee at a rate of thirty-one percent
6 (31%) of each gaming licensee's gross gaming revenue.

7 (2) All revenue received from the tax imposed by this section shall be appropriated to
8 the casino gaming revenue distribution trust fund established in Section 27 of
9 this Act.

10 (3) The tax imposed by this section shall be paid, collected, and administered as
11 provided in Section 26 of this Act.

12 ➔SECTION 25. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
13 READ AS FOLLOWS:

14 (1) A tax is imposed on admissions to a full or limited casino at a rate of three
15 dollars (\$3) per person admitted to the casino each day.

16 (2) The admissions tax imposed by this section shall be in addition to the wagering
17 tax imposed by Section 24 of this Act; and

18 (3) The admission tax imposed by this section may be passed on to casino patrons by
19 an admissions fee.

20 (4) All revenue received from the tax imposed by this section shall be appropriated to
21 the regional tourism and infrastructure development fund established in Section
22 28 of this Act.

23 (5) The tax imposed by this section shall be paid, collected, and administered as
24 provided in Section 26 of this Act.

25 ➔SECTION 26. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
26 READ AS FOLLOWS:

27 (1) The department shall enforce the provisions of and collect the taxes and penalties

- 1 imposed by Sections 23 to 26 of this Act to Section 26 of this Act, and in doing so
2 it shall have the general powers and duties granted it in KRS Chapters 131 and
3 135, including the power to enforce, by an action in the Franklin Circuit Court,
4 the collection of the taxes, penalties, and other payments imposed or required by
5 Sections 23 to 26 of this Act to Section 26 of this Act.
- 6 (2) The wagering tax imposed by Section 24 of this Act and the admissions tax
7 imposed by Section 25 of this Act are due and payable to the department monthly
8 and shall be remitted on or before the twentieth day of the next succeeding
9 calendar month.
- 10 (3) (a) Payment shall be accompanied by a return form which the department shall
11 prescribe.
- 12 (b) The return form shall report, at a minimum:
- 13 1. The number of daily admissions and the amount of admissions tax
14 due;
- 15 2. Total handle;
- 16 3. Prizes paid;
- 17 4. Gross gaming revenue; and
- 18 5. Wagering tax due.
- 19 (4) Wagering and admissions taxes due and payable in accordance with Sections 23
20 to 26 of this Act shall be paid via electronic funds transfer. Gaming licensees
21 shall provide the department with all protocol documentation and electronic
22 funds transfer data necessary to facilitate the timely transfer of funds.
- 23 (5) Any person who violates any provision of Sections 23 to 26 of this Act shall be
24 subject to the uniform civil penalties imposed pursuant to KRS 131.180 and
25 interest at the tax interest rate as defined in KRS 131.010(6).
- 26 (6) The corporation may suspend, revoke, or decline to renew a license upon the
27 licensee's failure to timely submit payment of wagering and admissions taxes due

1 under Sections 23 to 26 of this Act or the administrative regulations promulgated
2 by the department.

3 ➔SECTION 27. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
4 TO READ AS FOLLOWS:

5 (1) The casino gaming revenue distribution trust fund is hereby established in the
6 State Treasury. The fund shall consist of moneys received from the wagering tax
7 imposed by Section 24 of this Act and any other proceeds from grants,
8 contributions, appropriations, or other moneys made available for the purposes
9 of the trust fund.

10 (2) The fund shall be administered by the Kentucky Lottery Corporation.

11 (3) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
12 year shall not lapse but shall be carried forward into the next fiscal year.

13 (4) Any interest earnings of the trust fund shall become a part of the trust fund and
14 shall not lapse.

15 (5) All moneys held in the fund shall be invested by the corporation in accordance
16 with the corporation's investment practices, and all earnings from the
17 investments shall accrue to the benefit of the fund and the Commonwealth.

18 (6) Moneys deposited in the fund are hereby appropriated for the purposes set forth
19 in this section and shall not be appropriated or transferred by the General
20 Assembly for any other purposes.

21 (7) (a) For twenty-four (24) months after the effective date of this Act, the
22 corporation shall retain sufficient funds to recoup its reasonable and
23 necessary operating expenses related to the administration and oversight of
24 casino gaming.

25 (b) Twenty-five (25) months after the effective date of this Act and thereafter,
26 the amount retained by the corporation shall not exceed two million dollars
27 (\$2,000,000) per year.

1 (c) The corporation may appeal to the General Assembly for an increase in the
2 amount retained, but shall provide a history of operating expenses incurred
3 and any other financial information the General Assembly may require.
4 Operating expenses shall include only those actual costs and expenses of
5 the corporation that are directly related to the administration of casino
6 gaming and associated activities that are not passed on to the gaming
7 licensee or supplier and shall include but not be limited to:

8 1. The costs of installing and operating communication system
9 connectivity between the licensed casinos and the corporation's
10 central communication system;

11 2. Interest payments on any amounts borrowed to pay for capital
12 expenditures directly related to overseeing the operation of casino
13 gaming; and

14 3. Employee compensation and costs resulting from any contract or
15 contracts entered into for promotional, operational, security, or
16 auditing and accounting services.

17 (8) For the ten (10) fiscal years following the effective date of this Act, all revenue
18 deposited in the casino gaming revenue distribution trust fund in excess of the
19 amount required by subsection (7) of this section shall be dedicated to and is
20 hereby appropriated for:

21 (a) The Kentucky Employees Retirement System nonhazardous pensions fund;

22 (b) The Kentucky Employees Retirement System hazardous pension fund; and

23 (c) The Kentucky Teachers' Retirement System;

24 in amounts the General Assembly determines best meet the needs of the
25 respective funds.

26 (9) For fiscal years more than ten (10) years after the effective date of this Act, all
27 amounts in excess of moneys required by Subsection (7) of this section shall be

1 dedicated to the general fund for allocation as the General Assembly determines
2 is needed.

3 ➔SECTION 28. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
4 TO READ AS FOLLOWS:

5 (1) The regional tourism and infrastructure development fund is hereby established
6 in the State Treasury. The fund shall consist of moneys received from the
7 admissions tax imposed by Section 25 of this Act and any other proceeds from
8 grants, contributions, appropriations, or other moneys made available for the
9 purposes of the trust fund.

10 (2) The fund shall be administered by a program to be established by the General
11 Assembly.

12 (3) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
13 year shall not lapse but shall be carried forward into the next fiscal year.

14 (4) Any interest earnings of the trust fund shall become a part of the trust fund and
15 shall not lapse.

16 (5) All moneys held in the fund shall be invested by the corporation in accordance
17 with the corporation's investment practices, and all earnings from the
18 investments shall accrue to the benefit of the fund and the Commonwealth.

19 (6) Moneys deposited in the fund are hereby appropriated for the purposes set forth
20 in this section and shall not be appropriated or transferred by the General
21 Assembly for any other purposes.

22 (7) Trust fund moneys shall be used for projects designed to promote tourism in
23 regions containing a casino, to provide public protection, or to develop
24 infrastructure projects designed to ease the burden of increased tourist activity in
25 regions containing a casino. In order to maximize the impact of projects
26 generated by the fund:

27 (a) The location of the project shall be within a thirty (30) mile radius of the

- 1 approved full or limited casino;
2 **(b) The project shall be designed to include multiple units of local government**
3 **acting cooperatively through interlocal agreements, or shall be located in**
4 **an urban-county government, consolidated local government, charter**
5 **county government, or unified local government; and**
6 **(c) The population of the local governmental units participating in the project**
7 **shall be at least seventy thousand (70,000).**
8 **(8) No moneys shall be expended from the fund until a program developed to meet**
9 **the requirements of this section has been established by the General Assembly.**

10 ➔Section 29. KRS 131.155 is amended to read as follows:

- 11 (1) For the purpose of facilitating the administration, payment, or collection of the taxes,
12 the department may require any tax payment to be made by electronic fund transfer.
- 13 (2) The following payments shall be made by electronic fund transfer:
- 14 (a) The payment required by KRS 136.620;
- 15 (b) For tax periods beginning on or after January 1, 2007, the payment required by
16 KRS 138.280;
- 17 (c) For collections on or after August 1, 2010, the clerk shall deposit motor
18 vehicle usage tax and sales and use tax collections in the clerk's local
19 depository account not later than the next business day following receipt. The
20 clerk shall cause the funds to be electronically transferred from the clerk's local
21 depository account to the State Treasury in the manner and at the times
22 prescribed by the department;
- 23 (d) For any period beginning after December 31, 2000, any payment required
24 under KRS Chapter 139, if the taxpayer's average payment per reporting
25 period during the lookback period exceeds twenty-five thousand dollars
26 (\$25,000);
- 27 (e) For any period beginning after December 31, 2000, any payment required

1 under KRS 141.330, if the taxpayer's average payment per reporting period
 2 during the lookback period exceeds twenty-five thousand dollars (\$25,000);~~f~~
 3 ~~and~~

4 (f) For tax periods beginning on or after July 1, 2005, the payment required under
 5 KRS 160.615; and

6 (g) The payments required for wagering and admissions taxes under Sections
 7 23 to 26 of this Act.

- 8 (3) (a) The electronic fund transfer shall be made on or before the date the tax is due.
 9 (b) The department may permit the filing of the tax return following the date of the
 10 tax payment.
 11 (c) The department shall promulgate administrative regulations establishing
 12 electronic fund transfer requirements for the payment of taxes and fees
 13 administered by the department.
 14 (4) The department may waive the requirement that a qualifying taxpayer remit the
 15 payment by electronic fund transfer if the taxpayer is unable to remit funds
 16 electronically.
 17 (5) Taxpayers and any other persons who are required to collect or remit taxes
 18 administered by the department by electronic fund transfer shall be entitled to receive
 19 refunds for any overpayment of taxes or fees, on or after July 1, 2001, by electronic
 20 fund transfer.

21 ➔Section 30. KRS 139.200 is amended to read as follows:

22 A tax is hereby imposed upon all retailers at the rate of six percent (6%) of the gross
 23 receipts derived from:

24 (1) Retail sales of:

25 (a) Tangible personal property, regardless of the method of delivery, made within
 26 this Commonwealth; and

27 (b) Digital property regardless of whether:

- 1 1. The purchaser has the right to permanently use the property;
- 2 2. The purchaser's right to access or retain the property is not permanent;
- 3 or
- 4 3. The purchaser's right of use is conditioned upon continued payment; and
- 5 (2) The furnishing of the following:
- 6 (a) The rental of any room or rooms, lodgings, or accommodations furnished by
- 7 any hotel, motel, inn, tourist camp, tourist cabin, or any other place in which
- 8 rooms, lodgings, or accommodations are regularly furnished to transients for a
- 9 consideration. The tax shall not apply to rooms, lodgings, or accommodations
- 10 supplied for a continuous period of thirty (30) days or more to a person;
- 11 (b) Sewer services;
- 12 (c) The sale of admissions, ~~except:~~
- 13 1. Those taxed under KRS 138.480; *and*
- 14 2. *An admission fee to a full or limited casino, up to the amount of the*
- 15 *admissions tax imposed by Section 25 of this Act;*
- 16 (d) Prepaid calling service and prepaid wireless calling service;
- 17 (e) Intrastate, interstate, and international communications services as defined in
- 18 KRS 139.195, except the furnishing of pay telephone service as defined in
- 19 KRS 139.195; and
- 20 (f) Distribution, transmission, or transportation services for natural gas that is for
- 21 storage, use, or other consumption in this state, excluding those services
- 22 furnished:
- 23 1. For natural gas that is classified as residential use as provided in KRS
- 24 139.470(8); or
- 25 2. To a seller or reseller of natural gas.

26 ➔SECTION 31. A NEW SECTION OF KRS CHAPTER 154A IS CREATED

27 TO READ AS FOLLOWS:

1 *In accordance with 15 U.S.C. sec. 1172, the General Assembly hereby declares that:*

2 *(1) 15 U.S.C. sec. 1172 shall not apply to any electronic gaming device or other*
3 *gambling device found in the Commonwealth where the transportation of the*
4 *device is specifically authorized by, and done in compliance with, the provisions*
5 *of this chapter or any other applicable Kentucky statute and any administrative*
6 *regulation promulgated thereto; and*

7 *(2) Any such device transported in compliance with state law and administrative*
8 *regulations shall be exempt from the provisions of 15 U.S.C. sec. 1172.*

9 ➔SECTION 32. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
10 TO READ AS FOLLOWS:

11 *All shipments of gaming devices to gaming licensees located in Kentucky, the*
12 *registering, recording, and labeling of which have been duly made by the*
13 *manufacturer, supplier, or dealer in accordance with 15 U.S.C. secs. 1173 and 1174,*
14 *shall be deemed legal shipments in the Commonwealth.*

15 ➔SECTION 33. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
16 TO READ AS FOLLOWS:

17 *(1) The corporation shall, through the promulgation of administrative regulations,*
18 *define and limit:*

19 *(a) The gambling games and devices permitted for use in licensed casinos; and*

20 *(b) The method of operation of these games and devices.*

21 *(2) The gambling games and devices permitted for casino operations shall be*
22 *uniform for all casino licensees.*

23 *(3) The payout of all electronic gaming devices shall be based upon a suitable range*
24 *as determined by the casino licensee.*

25 ➔SECTION 34. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
26 TO READ AS FOLLOWS:

27 *(1) The exclusion or ejection of certain persons from licensed casinos may be*

- 1 necessary to effectively maintain the strict regulation of licensed casino gaming.
- 2 (2) (a) Each casino licensee shall compile a list of persons who are to be excluded
3 or ejected from any licensed casino.
- 4 (b) The list shall include any person whose presence in the casino is
5 determined by the licensee to pose a threat to the interests of this state or to
6 licensed casino gaming, or both.
- 7 (c) These lists shall be filed annually with the corporation or when a name is
8 added to or deleted from a list.
- 9 (3) The corporation shall promulgate administrative regulations regarding the
10 compilation of the lists required in subsection (2) of this section to guide casino
11 licensees in determining what persons are to be placed on the lists. Casino
12 licensees shall consider the following:
- 13 (a) Prior conviction of a crime that is a felony in this state, any other state, or
14 under the laws of the United States;
- 15 (b) Prior conviction of a crime that is a violation of the gambling laws of any
16 state;
- 17 (c) Violation or conspiracy to violate the provisions of this chapter relating to:
- 18 1. The failure to disclose an interest in a casino, supplier, or
19 manufacturer for which the person is required to obtain a license; or
20 2. Willful evasion of fees or taxes;
- 21 (d) Notorious or unsavory reputation that would adversely affect public
22 confidence and trust that the casino industry is free from criminal or
23 corruptive elements; or
- 24 (e) A written order of a governmental agency which authorizes the exclusion or
25 ejection of the person from a casino.
- 26 (4) Race, color, creed, national origin, ancestry, religion, or gender shall not be
27 grounds for placing the name of a person upon the list.

- 1 (5) The amount a person has legally won at a casino in this state, or any other state,
2 or any other country shall not be grounds for placing the name of a person upon
3 this list.
- 4 (6) Whenever the name and description of any person is placed on a list in
5 accordance with this section, the corporation shall serve notice of this fact to a
6 person placed on the list by:
- 7 (a) Personal service; or
8 (b) Certified mail to the last known address of the person.
- 9 (7) Within thirty (30) days after service by mail or in person, the person named may
10 demand a hearing under KRS Chapter 13B and show cause why the person
11 should have his or her name removed from the list.
- 12 (8) If, upon completion of the hearing, a determination has been made that:
- 13 (a) Exclusion or ejection does not or should not apply to the person so listed,
14 the corporation shall provide notice of the determination to casino licensees
15 and to the person who requested the hearing; or
- 16 (b) Placing the person on the exclusion or ejection list was proper, the
17 corporation shall enter in its minutes an order to that effect.
- 18 (9) The corporation may promulgate administrative regulations to establish a
19 voluntary exclusion program. A voluntary exclusion program established under
20 this subsection shall require that:
- 21 (a) A person who participates in a voluntary exclusion program agrees to
22 refrain from entering a casino under the jurisdiction of the corporation,
23 unless otherwise provided in administrative regulations promulgated by the
24 corporation;
- 25 (b) The name of a person participating in the program shall be included on a
26 list of persons excluded from all casinos under the jurisdiction of the
27 corporation;

1 (c) A person who participates in the program may not petition the corporation
2 for readmittance to a casino under the jurisdiction of the corporation,
3 except as otherwise provided in administrative regulations promulgated by
4 the corporation;

5 (d) The list of persons entering the voluntary exclusion program and their
6 personal information are confidential and may only be disseminated by the
7 corporation to the owner or operator of a casino under the jurisdiction of
8 the corporation for purposes of enforcement and to other entities, upon
9 request by the participant and agreement by the corporation;

10 (e) The owner of the casino under the jurisdiction of the corporation shall
11 make all reasonable attempts as determined by the corporation to cease all
12 direct marketing efforts to persons participating in the program; and

13 (f) An owner of a casino under the jurisdiction of the corporation may not
14 cash the check of a person participating in the program or extend credit to
15 the person in any manner. However, the voluntary exclusion program shall
16 not preclude an owner from seeking payment of a debt accrued by a
17 participant before he or she entered the program.

18 ➔SECTION 35. A NEW SECTION OF KRS CHAPTER 154A IS CREATED
19 TO READ AS FOLLOWS:

20 (1) As used in this section, "cheat" means to alter the selection of criteria that
21 determines:

22 (a) The result of a gambling game; or

23 (b) The amount or frequency of payment in a gambling game.

24 (2) It shall be a Class D felony if a person knowingly or intentionally does any of the
25 following:

26 (a) Uses or possesses with the intent to use a device to assist in:

27 1. Projecting the outcome of a game;

- 1 2. Keeping track of playing cards;
- 2 3. Analyzing the probability of the occurrence of an event relating to a
- 3 gambling game; or
- 4 4. Analyzing the strategy for playing or betting to be used in the game,
- 5 except as permitted by the corporation;
- 6 (b) Cheats at a gambling game;
- 7 (c) Manufactures, sells, or distributes any cards, chips, dice, game, or device
- 8 that is intended to be used to violate this section;
- 9 (d) Alters or misrepresents the outcome of a gambling game on which wagers
- 10 have been made after the outcome is made sure but before the outcome is
- 11 revealed to the players;
- 12 (e) Places a bet on the outcome of a gambling game after acquiring knowledge
- 13 that:
- 14 1. Is not available to all players; and
- 15 2. Concerns the outcome of the gambling game that is the subject of the
- 16 bet;
- 17 (f) Aids a person in acquiring the knowledge described in paragraph (e) of this
- 18 subsection for the purpose of placing a bet contingent on the outcome of a
- 19 gambling game;
- 20 (g) Claims, collects, takes, or attempts to claim, collect, or take money or
- 21 anything of value in or from a gambling game by cheating;
- 22 (h) Uses or possesses counterfeit chips or tokens used in a gambling game;
- 23 (i) Possesses a key or device designed for:
- 24 1. Opening, entering, or affecting the operation of a gambling game,
- 25 drop box, or an electronic or a mechanical device connected with a
- 26 gambling game; or
- 27 2. Removing coins, tokens, chips, or other contents of a gambling game;

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(j) Possesses materials used to manufacture a slug or device intended to be used in a manner that violates this section.

(3) Subsection (2)i of this section shall not apply to a licensee or an employee of a licensee acting in the course of the employee's employment.

(4) A person shall be guilty of a Class A misdemeanor if he or she knowingly or intentionally does any of the following:

(a) Makes a false statement on an occupational, manufacturer's, supplier's, or casino license application;

(b) Permits a person less than twenty-one (21) years of age to make a wager on a gambling game at a casino; or

(c) Being less than twenty one (21) years of age, enters or attempts to enter a casino.

➔Section 36. KRS 243.500 is amended to read as follows:

Any license may be revoked or suspended for the following causes:

- (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling any illegal alcoholic beverages on the licensed premises.
- (2) Making any false, material statements in an application or renewal application for a license or supplemental license.
- (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
 - (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244, or any act regulating the manufacture, sale, and transportation of alcoholic beverages within two (2) consecutive years;
 - (b) Two (2) misdemeanors directly or indirectly attributable to the use of alcoholic beverages within two (2) consecutive years; or
 - (c) Any felony.
- (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any

1 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
 2 Congress relative to taxation, or for a violation of any related administrative
 3 regulations promulgated by the Department of Revenue.

4 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
 5 and 243.610, or granted under any Act of Congress relative to the regulation of the
 6 manufacture, sale, and transportation of alcoholic beverages.

7 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any
 8 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
 9 facility for betting or transmitting bets on horse races; or permitting to be set up,
 10 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
 11 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.

12 This subsection shall not apply to:

13 (a) The sale of lottery tickets sold, or the conduct and operation of limited or
 14 full casino gaming, or the possession of gaming devices, supplies, or
 15 equipment used in the conduct of casino gaming under the provisions of
 16 KRS Chapter 154A;

17 (b) The operation of a pari-mutuel system for betting, where authorized by law;

18 (c) The conduct of charitable gaming by a charitable organization licensed or
 19 permitted under KRS Chapter 238; or

20 (d) Special temporary raffles of alcoholic beverages under KRS 243.036.

21 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:

22 (a) The trafficking or possession upon the licensed premises of controlled or illegal
 23 substances described in KRS Chapter 218A, including synthetic drugs;

24 (b) Knowingly permitting the trafficking or possession by patrons upon the
 25 licensed premises of controlled or illegal substances described in KRS Chapter
 26 218A, including synthetic drugs; or

27 (c) Knowingly receiving stolen property upon the licensed premises.

1 (8) Failure to comply with the terms of a final order of the board.

2 ➔Section 37. KRS 525.090 is amended to read as follows:

3 (1) A person is guilty of loitering when he *or she*:

4 (a) Loiters or remains in a public place for the purpose of gambling with cards,
5 dice or other gambling paraphernalia, except that the provisions of this section
6 shall not apply if the person is participating in charitable gaming defined by
7 KRS 238.505, or is engaged in casino gaming licensed under KRS Chapter
8 154A; or

9 (b) Loiters or remains in a public place for the purpose of unlawfully using a
10 controlled substance; or

11 (c) Loiters or remains in or about a school, college or university building or
12 grounds, not having any reason or relationship involving custody of or
13 responsibility for a pupil or student or any other specific legitimate reason for
14 being there and not having written permission from anyone authorized to grant
15 the same; or

16 (d) Loiters or remains in any transportation facility, unless specifically authorized
17 to do so, for the purpose of soliciting or engaging in any business, trade or
18 commercial transactions involving the sale of merchandise or services.

19 (2) Loitering is a violation.

20 ➔Section 38. KRS 528.010 is amended to read as follows:

21 The following definitions apply in this chapter unless the context otherwise requires:

22 (1) "Advancing gambling activity" -- A person "advances gambling activity" when,
23 engaged in gambling not licensed under KRS Chapter 154A, or acting other than
24 as a player, he *or she* engages in conduct that materially aids any form of gambling
25 activity. The conduct shall include, but is not limited to, conduct directed toward the
26 establishment of the particular game, contest, scheme, device, or activity involved;
27 toward the acquisition or maintenance of premises, paraphernalia, equipment, or

1 apparatus therefor; toward the solicitation or inducement of persons to participate
2 therein; toward the actual conduct of the playing phases thereof; toward the
3 arrangement of any of its financial or recording phases or toward any other phase of
4 its operation. A person who gambles at a social game of chance on equal terms with
5 other participants does not otherwise advance gambling activity by performing acts,
6 without remuneration or fee, directed toward the arrangement or facilitation of the
7 game as inviting persons to play, permitting the use of premises therefor and
8 supplying equipment used therein;

9 (2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets upon
10 the outcome of future contingent events from members of the public as a business;

11 (3) "Charitable gaming" means games of chance conducted by charitable organizations
12 licensed and regulated under the provisions of KRS Chapter 238;

13 (4) (a) "Gambling" means staking or risking something of value upon the outcome of
14 a contest, game, gaming scheme, or gaming device which is based upon an
15 element of chance, in accord with an agreement or understanding that someone
16 will receive something of value in the event of a certain outcome. A contest or
17 game in which eligibility to participate is determined by chance and the
18 ultimate winner is determined by skill shall not be considered to be gambling.

19 (b) Gambling shall not mean charitable gaming which is licensed and regulated
20 under the provisions of KRS Chapter 238, or full or limited casino gaming
21 licensed under KRS Chapter 154A;

22 (5) "Gambling device" means:

23 (a) Any so-called slot machine or any other machine or mechanical device an
24 essential part of which is a drum or reel with insignia thereon, and which when
25 operated may deliver, as a result of the application of an element of chance,
26 any money or property, or by the operation of which a person may become
27 entitled to receive, as the result of the application of an element of chance, any

1 money or property;

2 (b) Any mechanical or electronic device permanently located in a business
3 establishment, including a private club, that is offered or made available to a
4 person to play or participate in a simulated gambling program in return for
5 direct or indirect consideration, including but not limited to consideration paid
6 for Internet access or computer time, or a sweepstakes entry, which when
7 operated may deliver as a result of the application of an element of chance, any
8 money or property, or by the operation of which a person may become entitled
9 to receive, as the result of the application of an element of chance, any money
10 or property; or

11 (c) Any other machine or any mechanical or other device, including but not limited
12 to roulette wheels, gambling tables and similar devices, designed and
13 manufactured primarily for use in connection with gambling and which when
14 operated may deliver, as the result of the application of an element of chance,
15 any money or property, or by the operation of which a person may become
16 entitled to receive, as the result of the application of an element of chance, any
17 money or property;

18 (d) But, the following shall not be considered gambling devices within this
19 definition:

- 20 1. Devices dispensing or selling combination or French pools on licensed,
21 regular racetracks during races on said tracks;
- 22 2. Devices dispensing or selling combination or French pools on historical
23 races at licensed, regular racetracks as lawfully authorized by the
24 Kentucky Horse Racing Commission;
- 25 3. Electro-mechanical pinball machines specially designed, constructed, set
26 up, and kept to be played for amusement only. Any pinball machine shall
27 be made to receive and react only to the deposit of coins during the

1 course of a game. The ultimate and only award given directly or
 2 indirectly to any player for the attainment of a winning score or
 3 combination on any pinball machine shall be the right to play one (1) or
 4 more additional games immediately on the same device at no further
 5 cost. The maximum number of free games that can be won, registered, or
 6 accumulated at one (1) time in operation of any pinball machine shall not
 7 exceed thirty (30) free games. Any pinball machine shall be made to
 8 discharge accumulated free games only by reactivating the playing
 9 mechanism once for each game released. Any pinball machine shall be
 10 made and kept with no meter or system to preserve a record of free
 11 games played, awarded, or discharged. Nonetheless, a pinball machine
 12 shall be a gambling device if a person gives or promises to give money,
 13 tokens, merchandise, premiums, or property of any kind for scores,
 14 combinations, or free games obtained in playing the pinball machine in
 15 which the person has an interest as owner, operator, keeper, or
 16 otherwise; ~~or~~

17 4. Devices used in the conduct of charitable gaming; or

18 5. Devices licensed under KRS Chapter 154A;

19 (6) "Lottery and gift enterprise" means:

20 (a) A gambling scheme in which:

- 21 1. The players pay or agree to pay something of value for chances,
 22 represented and differentiated by numbers or by combinations of numbers
 23 or by some other media, one (1) or more of which are to be designated
 24 the winning ones; and
- 25 2. The ultimate winner is to be determined by a drawing or by some other
 26 method based upon the element of chance; and
- 27 3. The holders of the winning chances are to receive something of value;

1 and

2 (b) A gift enterprise or referral sales plan which meets the elements of a lottery
3 listed in paragraph (a) of this subsection is to be considered a lottery under this
4 chapter;

5 (7) "Mutuel" or "the numbers games" means a form of lottery in which the winning
6 chances or plays are not determined upon the basis of a drawing or other act on the
7 part of persons conducting or connected with the scheme, but upon the basis of the
8 outcome or outcomes of a future contingent event or events otherwise unrelated to
9 the particular scheme;

10 (8) "Player" means a person who engages in any form of gambling solely as a contestant
11 or bettor, without receiving or becoming entitled to receive any profit therefrom
12 other than personal gambling winnings, and without otherwise rendering any
13 material assistance to the establishment, conduct, or operation of the particular
14 gambling activity. A person who engages in "bookmaking" as defined in subsection
15 (2) of this section is not a "player." The status of a "player" shall be a defense to any
16 prosecution under this chapter;

17 (9) "Profiting from gambling activity" -- A person "profits from gambling activity"
18 when, **not licensed under KRS Chapter 154A and acting** other than as a player, he
19 **or she** accepts or receives or agrees to accept or receive money or other property
20 pursuant to an agreement or understanding with any person whereby he **or she**
21 participates or is to participate in the proceeds of gambling activity;

22 (10) "Simulated gambling program" means any method intended to be used by a person
23 playing, participating, or interacting with an electronic device **not licensed under**
24 **KRS Chapter 154A** that may, through the application of an element of chance, either
25 deliver money or property or an entitlement to receive money or property; and

26 (11) "Something of value" means any money or property, any token, object, or article
27 exchangeable for money or property, or any form of credit or promise directly or

1 indirectly contemplating transfer of money or property or of any interest therein, or
2 involving extension of a service, entertainment, or a privilege of playing at a game or
3 scheme without charge.

4 ➔Section 39. KRS 528.020 is amended to read as follows:

5 (1) A person is guilty of promoting gambling in the first degree when he or she
6 knowingly advances or profits from unlawful gambling activity by:

7 (a) Engaging in bookmaking to the extent that he or she employs or utilizes three
8 or more persons in a bookmaking activity and receives or accepts in any one
9 day bets totaling more than \$500; or

10 (b) Receiving in connection with a lottery or mutuel scheme or enterprise:

11 1. Money or written records from a person other than a player whose
12 chances or plays are represented by such money or records; or

13 2. More than \$500 in any one day of money played in the scheme or
14 enterprise; or

15 (c) Setting up and operating a gambling device.

16 (2) Promoting gambling in the first degree is a Class D felony.

17 ➔Section 40. KRS 528.070 is amended to read as follows:

18 (1) A person is guilty of permitting gambling when, having possession or control of
19 premises which he or she knows are being used to advance gambling activity not
20 licensed under KRS Chapter 154A, he or she fails to halt or abate or attempt to halt
21 or abate such use within a reasonable period of time.

22 (2) Permitting gambling is a Class B misdemeanor.

23 ➔Section 41. KRS 528.080 is amended to read as follows:

24 (1) A person is guilty of possession of a gambling device when, with knowledge of the
25 character thereof, he or she manufactures, sells, transports, places or possesses a
26 gambling device without the appropriate license required under KRS Chapter
27 154A, or conducts or negotiates any transaction affecting or designed to affect

1 ownership, custody or use of any gambling device *without the appropriate license*
2 *required under KRS Chapter 154A*, believing that it is to be used in the
3 advancement of unlawful gambling activity.

4 (2) Possession of a gambling device is a Class A misdemeanor.

5 ➔Section 42. KRS 528.100 is amended to read as follows:

6 Any gambling device or gambling record possessed or used in violation of this chapter is
7 forfeited to the state, and shall be disposed of in accordance with KRS 500.090, except
8 that the provisions of this section shall not apply to charitable gaming activity as defined
9 by KRS 528.010(3), *or limited or full casino gaming licensed under KRS Chapter*
10 *154A*.

11 ➔Section 43. This Act takes effect upon the passage of a Constitutional
12 amendment authorizing casino gaming in Kentucky.