

1 AN ACT relating to equine within Kentucky 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 230 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) (a) There is hereby established in the State Treasury a trust and agency
6 account to be known as the "Kentucky equine education account." The
7 fund shall be administered by the Kentucky Council on Postsecondary
8 Education.

9 (b) Moneys in the fund shall be used for the purpose of supporting the
10 University of Louisville Equine Industry Program, the University of
11 Kentucky Ag Equine Programs, and the Bluegrass Community and
12 Technical College North American Racing Academy.

13 (c) The fund shall consist of the moneys allocated by subsections (1)(c)4. and
14 (2)(d)2. of Section 4 of this Act and any other money contributed, allocated,
15 or appropriated to it from any other source.

16 (d) Moneys remaining in the fund at the close of the fiscal year shall not lapse
17 but shall be carried forward into the next fiscal year.

18 (e) Any interest earnings of the fund shall become part of the fund and shall
19 not lapse.

20 (f) Moneys in the fund shall be allocated equally among the three (3) recipients
21 for the purposes set forth in this section and shall not be appropriated or
22 transferred by the General Assembly for any other purposes.

23 (2) (a) By September 1 of each year, the Kentucky Council of Postsecondary
24 Education shall provide a report to the Interim Joint Committee on
25 Appropriations and Revenue concerning the receipts, expenditures, and
26 carryforwards of the fund for the preceding fiscal year.

27 (b) By September 1 of each year, all programs receiving funds under this

1 section shall provide a written report annually to the Interim Joint
2 Committee on Appropriations and Revenue. The report shall detail how the
3 funds were expended for the preceding fiscal year and describe the results
4 of the use of the funds in terms of achieving the program's goals.

5 ➔Section 2. KRS 230.550 is amended to read as follows:

6 (1) There is hereby established an Equine Industry Program at the University of
7 Louisville, under the general control and direction of the university.

8 (2) The purpose of the Equine Industry Program is to provide training and educational
9 opportunities in the horse racing industry relating to, but not limited to, finance,
10 management, marketing, regulation, and administration aspects of the horse racing
11 industry, in accordance with the industry needs as determined by the university.

12 ~~(3)~~(2) There is hereby created a trust and revolving fund for the Equine Industry
13 Program, consisting of money allocated to the fund together with money as may be
14 contributed to the fund from all other sources. Money to the credit of the Equine
15 Industry Program fund at the end of each fiscal year shall not lapse but shall be
16 carried forward to the succeeding fiscal year. Money from the Equine Industry
17 Program fund shall be administered by the University of Louisville and shall be
18 allocated for the funding of the Equine Industry Program.

19 ~~(4)~~(3) The University of Louisville shall utilize personnel and facilities of the
20 University of Kentucky when appropriate for assistance in any cooperative
21 undertakings the University of Louisville may wish to enter into with the University
22 of Kentucky relating to the Equine Industry Program.

23 (5) Beginning July 1, 2019, the Equine Industry Program shall receive funds from
24 the Kentucky equine education account established by Section 1 of this Act.

25 ➔Section 3. KRS 230.555 is amended to read as follows:

26 (1) The president of the University of Louisville shall appoint an Equine Industry
27 Advisory Commission composed of five (5) members who are Kentucky citizens

1 and at least three (3) of whom shall be representatives of the Kentucky equine
2 industry. ~~[-]~~One (1) of these appointees shall be designated chairman of the
3 commission. Their terms shall be for four (4) years or until their successors are
4 named.

5 (2) The Equine Industry Advisory Commission shall make recommendations to the
6 president for development of a comprehensive equine industry program.

7 (3) The Equine Industry Advisory Commission members shall not be compensated for
8 their time but expenses may be reimbursed from the Equine Industry Program trust
9 and revolving fund. **On or after July 1, 2019, the expenses may be reimbursed**
10 **from the amount allocated to the University of Louisville Equine Industry**
11 **Program from the Kentucky equine education account established by Section 1 of**
12 **this Act.**

13 (4) Staff services for the Equine Industry Advisory Commission shall be provided by
14 the University of Louisville.

15 ➔Section 4. KRS 138.510 is amended to read as follows:

16 (1) (a) Except as provided in paragraph (d) of this subsection and subsection (3) of
17 this section, an excise tax is imposed on all tracks conducting pari-mutuel
18 wagering on live racing under the jurisdiction of the commission as follows:

19 1. For each track with a daily average live handle of one million two
20 hundred thousand dollars (\$1,200,000) or above, the tax shall be in the
21 amount of three and one-half percent (3.5%) of all money wagered on
22 live races at the track during the fiscal year; and

23 2. For each track with a daily average live handle under one million two
24 hundred thousand dollars (\$1,200,000), the tax shall be one and one-half
25 percent (1.5%) of all money wagered on live races at the track during the
26 fiscal year.

27 (b) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting

1 pari-mutuel wagering on historical horse races under the jurisdiction of the
2 commission at a rate of one and one-half percent (1.5%) of all money wagered
3 on historical horse races at the track during the fiscal year.

4 (c) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
5 this subsection and deposited as follows:

6 1. An amount equal to three-quarters of one percent (0.75%) of all money
7 wagered on live races and historical horse races at the track for
8 Thoroughbred racing shall be deposited in the Thoroughbred
9 development fund established in KRS 230.400;

10 2. An amount equal to one percent (1%) of all money wagered on live
11 races and historical horse races at the track for harness racing shall be
12 deposited in the Kentucky standardbred development fund established in
13 KRS 230.770;

14 3. An amount equal to one percent (1%) of all money wagered on live
15 races and historical horse races at the track for quarter horse, paint horse,
16 Appaloosa, and Arabian horse racing shall be deposited in the Kentucky
17 quarter horse, paint horse, Appaloosa, and Arabian development fund
18 established by KRS 230.445;

19 4. An amount equal to two-tenths of one percent (0.2%) of all money
20 wagered on live races and historical horse races at the track shall be
21 deposited:

22 a. Before July 1, 2019, in the equine industry program trust and
23 revolving fund ~~[-]~~ established by KRS 230.550 to support the
24 ~~Equine Industry Program at the~~ University of Louisville *Equine*
25 *Industry Program*, except that the amount deposited from money
26 wagered on historical horse races in any fiscal year shall not
27 exceed six hundred fifty thousand dollars (\$650,000); and

1 **b. On or after July 1, 2019, in the Kentucky equine education**
2 **account established by Section 1 of this Act to support the**
3 **University of Louisville Equine Industry Program, the University**
4 **of Kentucky Ag Equine Programs, and the Bluegrass**
5 **Community and Technical College North American Racing**
6 **Academy, except that the amount deposited from money wagered**
7 **on historical horse races in any fiscal year shall not exceed six**
8 **hundred fifty thousand dollars (\$650,000);**

9 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
10 wagered on live races and historical horse races at the track shall
11 be deposited in a trust and revolving fund to be used for the
12 construction, expansion, or renovation of facilities or the purchase
13 of equipment for equine programs at state universities, except that
14 the amount deposited from money wagered on historical horse
15 races in any fiscal year shall not exceed three hundred twenty
16 thousand dollars (\$320,000).

17 b. These funds shall not be used for salaries or for operating funds for
18 teaching, research, or administration. Funds allocated under this
19 subparagraph shall not replace other funds for capital purposes or
20 operation of equine programs at state universities.

21 c. The Kentucky Council on Postsecondary Education shall serve as
22 the administrative agent and shall establish an advisory committee
23 of interested parties, including all universities with established
24 equine programs, to evaluate proposals and make
25 recommendations for the awarding of funds.

26 d. The Kentucky Council on Postsecondary Education may
27 promulgate administrative regulations to establish procedures for

1 administering the program and criteria for evaluating and awarding
2 grants; and

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

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

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

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

20 1. All tracks conducting telephone account wagering;

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

23 3. All tracks participating as receiving tracks displaying simulcasts and
24 conducting interstate wagering thereon.

25 (b) The tax shall be three percent (3%) of all money wagered on races as provided
26 in paragraph (a) of this subsection during the fiscal year.

27 (c) A noncontiguous track facility approved by the commission on or after

1 January 1, 1999, shall be exempt from the tax imposed under this subsection,
2 if the facility is established and operated by a licensed track which has a total
3 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
4 or less. The amount of money exempted under this paragraph shall be retained
5 by the noncontiguous track facility, KRS 230.3771 and 230.378
6 notwithstanding.

7 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
8 this subsection as follows:

9 1. An amount equal to two percent (2%) of the amount wagered shall be
10 deposited as follows:

11 a. In the Thoroughbred development fund established in KRS
12 230.400 if the host track is conducting a Thoroughbred race
13 meeting or the interstate wagering is conducted on a Thoroughbred
14 race meeting;

15 b. In the Kentucky standardbred development fund established in
16 KRS 230.770, if the host track is conducting a harness race
17 meeting or the interstate wagering is conducted on a harness race
18 meeting; or

19 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
20 Arabian development fund established by KRS 230.445, if the host
21 track is conducting a quarter horse, paint horse, Appaloosa, or
22 Arabian horse race meeting or the interstate wagering is conducted
23 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
24 meeting;

25 2. An amount equal to one-twentieth of one percent (0.05%) of the amount
26 wagered shall be allocated;

27 a. *Before July 1, 2019,* to the equine industry program trust and

1 revolving fund established by KRS 230.550 to be used to support
 2 the ~~Equine Industry Program at the~~ University of Louisville
 3 Equine Industry Program; and

4 b. On or after July 1, 2019, to the Kentucky equine education
 5 account established by Section 1 of this Act to be used to support
 6 the University of Louisville Equine Industry Program, the
 7 University of Kentucky Ag Equine Programs, and the Bluegrass
 8 Community and Technical College North American Racing
 9 Academy;

10 3. An amount equal to one-tenth of one percent (0.1%) of the amount
 11 wagered shall be deposited in a trust and revolving fund to be used for
 12 the construction, expansion, or renovation of facilities or the purchase of
 13 equipment for equine programs at state universities, as detailed in
 14 subsection (1)(c)5. of this section; and

15 4. An amount equal to one-tenth of one percent (0.1%) of the amount
 16 wagered shall be distributed to the commission to support equine drug
 17 testing as provided in KRS 230.265(3).

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

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

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

1 (c) The Tourism, Arts and Heritage Cabinet shall be granted a race title
2 sponsorship at the two (2) day international horse racing event with all
3 usual and customary benefits assigned to promote Kentucky tourism.

4 (4) The taxes imposed by this section shall be paid, collected, and administered as
5 provided in KRS 138.530.