

1 AN ACT relating to wagering and making an appropriation therefor.

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

3 ➔SECTION 1. KRS CHAPTER 239 IS ESTABLISHED AND A NEW
4 SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

5 *As used in this chapter unless the context requires otherwise:*

- 6 *(1) "Adjusted gross revenue" means the total sum of entry fees collected by a fantasy*
7 *contest operator from all participants entering a fantasy contest, less winnings*
8 *paid to participants in the contest, multiplied by the resident percentage;*
- 9 *(2) "Beginner" means a fantasy contest player who has entered fewer than fifty-one*
10 *(51) contests offered by a single fantasy contest operator and who does not*
11 *otherwise meet the definition of highly experienced player;*
- 12 *(3) "Cabinet" means the Public Protection Cabinet;*
- 13 *(4) "Confidential information" means information related to the play of a fantasy*
14 *contest by fantasy contest participants obtained as a result of or by virtue of a*
15 *person's employment;*
- 16 *(5) "Entry fee" means the cash or cash equivalent that is required to be paid by a*
17 *fantasy contest participant to a fantasy contest operator in order to participate in*
18 *a fantasy contest;*
- 19 *(6) "Fantasy contest" means any fantasy or simulated game or contest that meets the*
20 *following conditions:*
- 21 *(a) The values of all prizes and awards offered to winning participants are*
22 *made known to the participants in advance of the contest;*
- 23 *(b) All winning outcomes reflect the relative knowledge and skill of the*
24 *participants and shall be determined predominantly by accumulated*
25 *statistical results of the performance of individuals, including athletes in the*
26 *case of sports events;*
- 27 *(c) No winning outcome is based:*

- 1 1. On randomized or historical events;
- 2 2. On the score, point spread, or any performance or performances of
- 3 any single actual team or combination of such teams; or
- 4 3. Solely on any single performance of an individual athlete or
- 5 participant in any single actual event; and
- 6 (d) Does not violate any provision of federal law;
- 7 (7) "Fantasy contest operator" or "operator" means a person who offers or
- 8 administers one (1) or more fantasy contests with an entry fee to the general
- 9 public, and awards a prize of value;
- 10 (8) "Fantasy contest participant" or "participant" means a person who participates
- 11 in a fantasy contest offered by a registrant;
- 12 (9) "Highly experienced player" means a person who has either:
- 13 (a) Entered more than one thousand (1,000) fantasy contests offered by a single
- 14 fantasy contest operator; or
- 15 (b) Won more than three (3) fantasy contest prizes valued at one thousand
- 16 dollars (\$1,000) or more from a single fantasy contest operator.
- 17 Upon making a determination that a player is a highly experienced player, the
- 18 fantasy contest operator shall continue to classify the player as a highly
- 19 experienced player indefinitely;
- 20 (10) "Immediate family" means a person's parents, grandparents, spouse, siblings,
- 21 children, or grandchildren residing in a home occupied by the person as a
- 22 primary residence;
- 23 (11) "Location percentage" means for each fantasy contest, the percentage, rounded
- 24 to the nearest tenth of a percent (0.1%), of the total entry fees collected from
- 25 participants located in the Commonwealth divided by the total entry fees collected
- 26 from all participants in the fantasy contest;
- 27 (12) "Net poker revenue" means the rake plus any entry fees or other fees charged to

1 online poker players as a requirement to play in a game or series of games of
2 online poker;

3 (13) "Online poker" means any form of poker, including but not limited to Five Card
4 Draw, Seven Card Stud, and Texas Holdem, at locations removed from other
5 players via the Internet through the use of computers, smart phones, or other
6 types of electronic devices. Online poker shall not include video lottery terminals
7 or slot machines using electronic representations of cards in a game of chance in
8 which skill does not play a part;

9 (14) "Person" has the same meaning as in KRS 446.010;

10 (15) "Principal stockholder" means any person who, individually or together with his
11 or her spouse and immediate family members, beneficially owns or controls,
12 directly or indirectly, fifteen percent (15%) or more of the equity ownership of a
13 registrant or who, together with his or her spouse and immediate family
14 members, has the power to vote or cause the vote of fifteen percent (15%) or more
15 of a registrant;

16 (16) "Rake" means a percentage of the total wagers placed in an online poker game
17 that the online poker providers collects as its fee for providing the platform upon
18 which the online poker game is played;

19 (17) "Registered fantasy contest operator" or "registrant" means a fantasy contest
20 operator that has been issued a valid registration by the cabinet;

21 (18) "Script" means automating a manual act using a coding language online,
22 whereby a list of multiple commands may be executed without the user's
23 interaction;

24 (19) "Secretary" means the secretary of the Public Protection Cabinet; and

25 (20) "Wager" means a sum of money or representation of value that is risked on an
26 occurrence for which the outcome is uncertain.

27 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO

1 READ AS FOLLOWS:

- 2 (1) No fantasy contest operator shall offer a fantasy contest to residents of the
3 Commonwealth without a valid registration issued by the cabinet, except that
4 fantasy contest operators with fewer than one hundred (100) participants located
5 in the Commonwealth in a calendar year shall be exempt from this requirement.
- 6 (2) Any person seeking to be registered as a fantasy contest operator shall submit an
7 application to the cabinet on a form prescribed by the cabinet as promulgated in
8 an administrative regulation, accompanied by payment of the required fee
9 established in subsection (4) of this section.
- 10 (3) The fantasy contest operator applicant shall provide the following information to
11 the cabinet as a prerequisite for registration:
- 12 (a) The name of the applicant;
- 13 (b) The location of the applicant's principal place of business;
- 14 (c) A disclosure of ownership of the applicant including all directors, officers,
15 and principal stockholders;
- 16 (d) A designation of the responsible party who is the agent for the contest
17 operator for all communications with the cabinet;
- 18 (e) 1. The criminal record of all officers, general partners, and principal
19 stockholders of the applicant.
- 20 2. An applicant may not be eligible for registration or renewal as a
21 fantasy contest operator if the applicant or any of its officers, general
22 partners, or principal stockholders has been convicted of or has
23 entered a plea of nolo contendere or guilty to a felony; and
- 24 (f) Any other documentation the cabinet may require.
- 25 (4) (a) The initial registration fee for a fantasy contest operator shall be five
26 thousand dollars (\$5,000).
- 27 (b) The annual renewal fee for a fantasy contest operator shall be an amount

1 equal to the greater of:

2 1. Six percent (6%) of the adjusted gross revenues for the prior calendar
3 year; or

4 2. Five thousand dollars (\$5,000).

5 (c) The initial registration fee and the annual renewal fee shall be deposited
6 into the wagering administration fund established in Section 4 of this Act.

7 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
8 READ AS FOLLOWS:

9 (1) (a) The cabinet shall promulgate administrative regulations for the operation
10 of fantasy contests as necessary to enforce the provisions of this chapter, but
11 the cabinet shall not promulgate administrative regulations limiting or
12 regulating:

13 1. Rules or the administration of an individual contest or contests;

14 2. The statistical makeup of a contest or contests; or

15 3. The digital platform of an operator.

16 (b) The cabinet shall promulgate the administrative regulations listing the
17 requirements for registration within thirty (30) days of the effective date of
18 this Act.

19 (2) The cabinet shall consider all applications for registration and shall issue a valid
20 registration to an applicant that meets the criteria set forth in Section 2 of this
21 Act and any administrative regulations promulgated by the cabinet.

22 (3) (a) The cabinet shall have thirty (30) days after receiving an initial application
23 to issue a registration or deny the application.

24 (b) The cabinet shall prepare and issue a written statement setting forth the
25 reasons why an application for registration has been denied.

26 (4) All fantasy contest operators who meet the requirements for registration shall be
27 registered by January 15, 2021.

1 (5) The cabinet may revoke, deny, or suspend the registration of a fantasy contest
2 operator if it finds that:

3 (a) Any partner, member, officer, principal stockholder, or director of the
4 operator has been convicted of a felony in this state, a felony in another
5 state which would be a felony if committed in this state, or a felony under
6 the laws of the United States. For purposes of this paragraph, the term
7 "convicted" means having been found guilty, regardless of adjudication of
8 guilt, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty
9 or nolo contendere; or

10 (b) Any fantasy contest operator has:

- 11 1. Violated any order of the secretary or any of the provisions set forth in
12 this chapter;
- 13 2. Failed to meet the requirements for registration under this chapter; or
- 14 3. Used fraud, misrepresentation, or deceit in applying for or attempting
15 to apply for a registration or otherwise in operating or offering to
16 operate a fantasy contest.

17 (6) If it appears to the secretary, based upon credible evidence presented in a written
18 complaint, that a person is operating or offering to operate a fantasy contest
19 without being registered, the secretary may issue an order to cease and desist the
20 activity.

21 (7) The secretary shall set forth in the order:

- 22 (a) The statutes and administrative regulations alleged to have been violated;
- 23 (b) The facts alleged to have constituted the violation; and
- 24 (c) The requirement that all unauthorized practices immediately cease.

25 (8) (a) Within ten (10) days after service of the order to cease and desist, the person
26 may request a hearing on the question of whether acts or practices in
27 violation of this section have occurred. The hearing shall be conducted

1 pursuant to KRS Chapter 13B.

2 (b) The person may appeal the final order of the cabinet to the Franklin Circuit
 3 Court within thirty (30) days of the hearing.

4 (9) To ensure that the cabinet is not spending more than what is necessary to cover
 5 administrative expenses, on June 30 of each year, the cabinet shall submit to the
 6 Legislative Research Commission and the Interim Joint Committee on Licensing,
 7 Occupations, and Administrative Regulations a written report detailing financial
 8 transactions, including:

9 (a) The number of applications received;

10 (b) The number of applications approved;

11 (c) The number of applications denied;

12 (d) The amount of funds received from initial registration fees;

13 (e) The amount of funds received from annual renewal fees; and

14 (f) The amount of funds expended to enforce this chapter.

15 (10) KRS Chapters 230 and 528 shall not apply to fantasy contests operated in
 16 accordance with this chapter.

17 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
 18 READ AS FOLLOWS:

19 (1) (a) There is hereby established in the State Treasury a restricted account to be
 20 known as the wagering administration fund. The fund shall consist of
 21 moneys received from the money collected under Sections 2, 7, 9, 17, and 21
 22 of this Act and state appropriations.

23 (b) 1. Amounts deposited in the fund shall be used for administrative
 24 expenses of the cabinet and shall be disbursed by the Finance and
 25 Administration Cabinet upon the warrant of the Public Protection
 26 Cabinet.

27 2. The remaining funds shall be used as follows:

- 1 a. Five percent (5%) of the funds remaining after the expenses
2 under subparagraph 1. of this paragraph shall be deposited in
3 the Kentucky problem gambling assistance account established
4 in Section 5 of this Act; and
5 b. All remaining funds not allocated under subparagraph 1. of this
6 paragraph or subdivision a. of this subparagraph shall be
7 deposited in the Kentucky permanent pension fund established in
8 KRS 42.205.

9 3. Any interest accruing to the fund shall become a part of the fund and
10 shall not lapse.

11 (2) 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 (3) Moneys deposited in the fund are hereby appropriated for the purposes set forth
14 in this section and shall not be appropriated or transferred by the General
15 Assembly for any other purposes.

16 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
17 READ AS FOLLOWS:

18 (1) (a) There is established in the State Treasury a revolving account to be known
19 as the Kentucky problem gambling assistance account.

20 (b) The account shall be administered by the director of the Division of
21 Behavioral Health of the Department for Behavioral Health,
22 Developmental and Intellectual Disabilities, and shall consist of moneys
23 distributed to it under Section 4 of this Act.

24 (c) Notwithstanding KRS 45.229, moneys remaining in the account at the close
25 of a fiscal year shall not lapse but shall carry forward into the succeeding
26 fiscal year. Interest earned on any moneys in the account shall accrue to the
27 account.

1 (d) Except for administrative expenses of the Division of Behavioral Health
2 relating to the account, which shall be limited to fifty thousand dollars
3 (\$50,000) per year, all moneys in the account are appropriated for, and
4 shall be used exclusively for the purposes of:

5 1. Providing support to agencies, groups, organizations, and persons that
6 provide education, assistance, and counseling to persons and families
7 experiencing difficulty as a result of addiction to alcohol or drugs, or
8 addictive or compulsive gambling;

9 2. Promoting public awareness of, and providing education about
10 addictions;

11 3. Establishing and funding programs to certify addiction counselors;

12 4. Promoting public awareness of assistance programs for addicts; and

13 5. Paying the costs and expenses associated with the treatment of
14 addictions.

15 (2) The cabinet shall promulgate administrative regulations to establish criteria for
16 the expenditure of funds from the Kentucky problem gambling assistance
17 account. The administrative regulations shall:

18 (a) Establish standards for the types of agencies, groups, organizations, and
19 persons eligible to receive funding;

20 (b) Establish standards for the types of activities eligible for funding;

21 (c) Establish standards for the appropriate documentation of past performance
22 and the activities of agencies, groups, organizations, and persons requesting
23 funding;

24 (d) Establish standards for the development of performance measures or other
25 evidence of successful expenditure of awarded funds;

26 (e) Set forth procedures for the submission, evaluation, and review of
27 applications for funding;

1 (f) Set forth procedures for making funding awards to requesting entities who
2 have demonstrated the capability to efficiently and effectively provide the
3 necessary services;

4 (g) Establish requirements and procedures for the monitoring of funds
5 awarded, including requirements for the submission of reports and
6 documentation supporting expenditures; and

7 (h) Include any other provisions related to funding or the administration of the
8 account as determined by the cabinet.

9 (3) On or before October 1, 2021, and every October 1 thereafter, the director of the
10 Division of Behavioral Health, in cooperation with the commissioner of the
11 Department for Behavioral Health, Developmental and Intellectual Disabilities
12 and the secretary, shall submit an annual report detailing activities and
13 expenditures associated with the Kentucky problem gambling assistance account
14 for the preceding fiscal year. The annual report shall be submitted to:

15 (a) The Legislative Research Commission; and

16 (b) The Governor.

17 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
18 READ AS FOLLOWS:

19 (1) (a) A registrant offering fantasy contests shall annually submit its records to a
20 certified public accountant to perform an annual independent audit
21 consistent with the standards of the American Institute of Certified Public
22 Accountants to ensure compliance with all of the requirements in this
23 chapter.

24 (b) The registrant shall pay all costs of the audit. The audit shall cover one (1)
25 fiscal year.

26 (2) (a) Each registrant shall keep daily records of its operations and shall maintain
27 the records for at least six (6) years.

1 **(b) The records shall sufficiently detail all financial transactions to determine**
2 **compliance with the requirements of this chapter and shall be available for**
3 **audit and inspection by the cabinet during the registrant's regular business**
4 **hours.**

5 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
6 READ AS FOLLOWS:

7 **(1) A fantasy contest registrant shall implement commercially reasonable procedures**
8 **for the conduct of fantasy contests requiring an entry fee that are intended to:**

9 **(a) Prevent the registrant, its employees, and the immediate family of employees**
10 **from competing in any public fantasy contest with a cash prize offered by**
11 **any fantasy contest operator;**

12 **(b) Prevent sharing of confidential information with third parties that could**
13 **affect fantasy contest play until that information is made publicly available;**

14 **(c) Verify that each fantasy contest participant in each fantasy contest is**
15 **eighteen (18) years of age or older;**

16 **(d) Prevent an individual who is a participant or game official in an actual**
17 **sporting event or competition from participating in any fantasy contest that**
18 **is determined in whole or in part on the performance of that individual, the**
19 **individual's actual team, or the accumulated statistical results of the**
20 **sporting event or competition in which the individual is a participant or**
21 **contest official;**

22 **(e) Allow an individual, upon request, to exclude himself or herself from**
23 **entering a fantasy contest and provide reasonable steps to prevent that**
24 **person from entering the fantasy contests offered by the fantasy contest**
25 **operator;**

26 **(f) Disclose the number of entries that a participant may submit to each**
27 **fantasy contest;**

- 1 (g) Provide reasonable steps to prevent participants from submitting more than
2 the allowable number of entries;
- 3 (h) 1. In any fantasy contest involving more than one hundred (100) entries,
4 prevent a participant from submitting more than the lesser of:
5 a. Three percent (3%) or more of all entries; or
6 b. One hundred fifty (150) entries.
- 7 2. Notwithstanding subparagraph 1. of this paragraph, a registrant may
8 establish contests in which there are no restrictions on the number of
9 entries if:
10 a. The registrant clearly discloses that there are no limits on the
11 number of entries by each participant in the contest; and
12 b. The entry fee is fifty dollars (\$50) or more per entry;
- 13 (i) Segregate participants' funds from operational funds or maintain a reserve
14 in the form of cash, cash equivalents, payment processor reserves, payment
15 processor receivables, an irrevocable letter of credit, a bond, an escrow
16 account approved by the cabinet, or a combination thereof, in the amount of
17 the deposits in participants' accounts for benefit and protection of the funds
18 held in those accounts;
- 19 (j) Distinguish highly experienced participants and beginner participants and
20 ensure that highly experienced participants are conspicuously identified to
21 all participants;
- 22 (k) Prohibit the use of external scripts in fantasy contests that give a participant
23 an unfair advantage over other participants and make all authorized scripts
24 readily available to all fantasy contest participants;
- 25 (l) Clearly and conspicuously disclose all rules that govern its contests,
26 including the material terms of each promotional offer at the time the offer
27 is advertised; and

1 (m) Use technologically reasonable measures to limit each fantasy contest
2 participant to one (1) active account with that operator.

3 (2) A registrant shall not conduct, operate, or offer a fantasy contest that:

4 (a) Utilizes:

5 1. Video or mechanical reels or symbols or any other depictions of slot
6 machines, poker, blackjack, craps, or roulette; or

7 2. Any device that qualifies as or replicates contest activities that
8 constitute gaming; or

9 (b) Includes a university, college, high school, or youth athletic contest or
10 event.

11 (3) Officers and directors of registrants along with their immediate family are
12 prohibited from competing in any fantasy contest offered by any fantasy contest
13 operator in which the operator offers a cash prize.

14 (4) (a) Any person who knowingly violates any provision of Section 2, 3, 4, 5, 6, or
15 7 of this Act shall:

16 1. For the first offense, be liable for a civil penalty of not less than one
17 thousand dollars (\$1,000) nor more than five thousand dollars
18 (\$5,000) for each act or omission that constitutes a violation; or

19 2. a. For a second or subsequent offense, be liable for a civil penalty
20 of not less than five thousand dollars (\$5,000) and not more than
21 twenty-five thousand dollars (\$25,000); or

22 b. Revocation of registration at the discretion of the secretary.

23 (b) A civil penalty assessed under this subsection shall accrue to the
24 Commonwealth and may be recovered in a civil action brought by the
25 cabinet.

26 (c) Nothing in this chapter shall deprive an aggrieved participant of any
27 personal right of redress.

1 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
2 READ AS FOLLOWS:

3 (1) No person shall offer online poker in the Commonwealth unless that person has
4 received a license from the cabinet.

5 (2) The cabinet shall promulgate administrative regulations prescribing
6 requirements for vendors offering online poker gaming to the citizens of the
7 Commonwealth. The requirements for each game or game provider shall include
8 but not be limited to the following:

9 (a) Geolocation software to ensure that all online poker is conducted within the
10 geographical confines of the state of Kentucky;

11 (b) Age verification to ensure that no person under the age of eighteen (18) is
12 allowed to place wagers through online poker games;

13 (c) Security standards to minimize the risk of cyber theft or hacking;

14 (d) Accounting standards to ensure transparency and accountability of moneys,
15 including:

16 1. Moneys deposited by players into gaming accounts;

17 2. Prize payouts;

18 3. The rake the online poker vendor receives;

19 4. Any entry or associated fees charged to players; and

20 (e) Conformance with all applicable federal laws.

21 (3) A license to conduct online poker in the Commonwealth shall not be issued by
22 the cabinet until the proposed vendor has demonstrated to the satisfaction of the
23 cabinet that:

24 (a) All the requirements of subsection (2) of this section have been met;

25 (b) The vendor has not been convicted of a violation of the Unlawful Internet
26 Gambling Enforcement Act of 2006, as provided in Title 31 of the United
27 States Code, Sections 5361 to 5366; and

1 (c) An initial licensing fee of two hundred fifty thousand dollars (\$250,000) has
2 been paid.

3 (4) A license issued under subsection (3) of this section shall be valid for one (1) year
4 and may be renewed annually for a fee of ten thousand dollars (\$10,000).

5 (5) (a) In addition to the licensing fees imposed in subsections (3) and (4) of this
6 section, a gaming fee of six and three-quarters percent (6.75%) of net poker
7 revenue shall be imposed on each online poker vendor.

8 (b) The gaming fee shall be paid monthly by each licensed online poker vendor
9 to the cabinet, and may be made by electronic funds transfer.

10 (6) Award of an online poker license under this section shall not absolve any person
11 of any liability which has or may be incurred due to litigation with the
12 Commonwealth over Internet poker domain names.

13 (7) Any person who has been issued a license under this section shall have the
14 license suspended by the cabinet if a final judgment is issued against the person
15 for the improper use of Internet domain names. The license suspension shall
16 continue until all fines and fees assessed under the judgment are fully paid.

17 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
18 READ AS FOLLOWS:

19 (1) An online poker account is established in the State Treasury. Online poker
20 licensing fees and the gaming fee imposed by Section 8 of this Act shall be
21 deposited in the account.

22 (2) The cabinet is authorized to use money in the online poker account for the
23 purposes of paying necessary expenses incurred in establishing and overseeing
24 the online poker system.

25 (3) Moneys in excess of the amount needed for necessary expenses shall be deposited
26 annually into the wagering administration fund established by Section 4 of this
27 Act to be used for the purposes established in subsection (1)(b)2. of Section 4 of

1 *this Act.*

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

4 *(5) All moneys held in the fund shall be invested by the cabinet in accordance with*
5 *the cabinet's investment practices, and all earnings from the investments shall*
6 *accrue to the benefit of the fund.*

7 ➔Section 10. KRS 230.210 is amended to read as follows:

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

9 (1) "Advance deposit account wagering" means a form of pari-mutuel wagering in
10 which an individual may establish an account with a person or entity licensed by the
11 racing commission, and may place a pari-mutuel wager through that account that is
12 permitted by law;

13 (2) "Advance deposit account wagering licensee" means a person or entity licensed by
14 the racing commission to conduct advance deposit account wagering and accept
15 deposits and wagers, issue a receipt or other confirmation to the account holder
16 evidencing such deposits and wagers, and transfer credits and debits to and from
17 accounts;

18 (3) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in which
19 each horse participating in the race is registered with the Appaloosa Horse Club of
20 Moscow, Idaho, and is mounted by a jockey;

21 (4) "Arabian" means a horse that is registered with the Arabian Horse Registry of
22 Denver, Colorado;

23 (5) "Association" means any person licensed by the Kentucky Horse Racing
24 Commission under KRS 230.300 and engaged in the conduct of a recognized horse
25 race meeting;

26 (6) "Harness race" or "harness racing" means trotting and pacing races of the
27 standardbred horses;

- 1 (7) "Horse race meeting" means horse racing run at an association licensed and
2 regulated by the Kentucky Horse Racing Commission, and may include
3 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;
- 4 (8) "Host track" means the track conducting racing and offering its racing for intertrack
5 wagering, or, in the case of interstate wagering, means the Kentucky track
6 conducting racing and offering simulcasts of races conducted in other states or
7 foreign countries;
- 8 (9) "Intertrack wagering" means pari-mutuel wagering on simulcast horse races from a
9 host track by patrons at a receiving track;
- 10 (10) "Interstate wagering" means pari-mutuel wagering on simulcast horse races from a
11 track located in another state or foreign country by patrons at a receiving track or
12 simulcast facility;
- 13 (11) "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund" means a
14 purse fund established to receive funds as specified in KRS 230.3771 for purse
15 programs established in KRS 230.446 to supplement purses for quarter horse, paint
16 horse, Appaloosa, and Arabian horse races. The purse program shall be
17 administered by the Kentucky Horse Racing Commission;
- 18 (12) "Kentucky resident" means:
- 19 (a) An individual domiciled within this state;
- 20 (b) An individual who maintains a place of abode in this state and spends, in the
21 aggregate, more than one hundred eighty-three (183) days of the calendar year
22 in this state; or
- 23 (c) An individual who lists a Kentucky address as his or her principal place of
24 residence when applying for an account to participate in advance deposit
25 account wagering;
- 26 (13) "Paint horse" means a horse registered with the American Paint Horse Association
27 of Fort Worth, Texas;

- 1 (14) "Principal" means any of the following individuals associated with a partnership,
2 trust, association, limited liability company, or corporation that is licensed to
3 conduct a horse race meeting or an applicant for a license to conduct a horse race
4 meeting:
- 5 (a) The chairman and all members of the board of directors of a corporation;
 - 6 (b) All partners of a partnership and all participating members of a limited
7 liability company;
 - 8 (c) All trustees and trust beneficiaries of an association;
 - 9 (d) The president or chief executive officer and all other officers, managers, and
10 employees who have policy-making or fiduciary responsibility within the
11 organization;
 - 12 (e) All stockholders or other individuals who own, hold, or control, either directly
13 or indirectly, five percent (5%) or more of stock or financial interest in the
14 collective organization; and
 - 15 (f) Any other employee, agent, guardian, personal representative, or lender or
16 holder of indebtedness who has the power to exercise a significant influence
17 over the applicant's or licensee's operation;
- 18 (15) **"Professional sports venue" means a facility, including but not limited to an**
19 **indoor arena, outdoor stadium, or race track with seating for at least fifty**
20 **thousand (50,000) and where professional sporting events are held under the**
21 **auspices of a professional league recognized by the racing commission under**
22 **Section 12 of this Act;**
- 23 **(16)** "Quarter horse" means a horse that is registered with the American Quarter Horse
24 Association of Amarillo, Texas;
- 25 **(17)**~~[(16)]~~ "Racing commission" means the Kentucky Horse Racing Commission;
- 26 **(18)**~~[(17)]~~ "Receiving track" means a track where simulcasts are displayed for wagering
27 purposes. A track that submits an application for intertrack wagering shall meet all

1 the regulatory criteria for granting an association license of the same breed as the
2 host track, and shall have a heated and air-conditioned facility that meets all state
3 and local life safety code requirements and seats a number of patrons at least equal
4 to the average daily attendance for intertrack wagering on the requested breed in the
5 county in which the track is located during the immediately preceding calendar year;

6 ~~(19)~~~~(18)~~ "Simulcast facility" means any facility approved pursuant to the provisions of
7 KRS 230.380 to simulcast racing and conduct pari-mutuel wagering;

8 ~~(20)~~~~(19)~~ "Simulcasting" means the telecast of live audio and visual signals of horse
9 races for the purpose of pari-mutuel wagering;

10 ~~(21)~~~~(20)~~ **"Sports wagering" means the placing of wagers on the outcomes of**
11 **professional sports contests and other events in conformance with federal law**
12 **and as authorized by the racing commission at tracks and online or smart phone**
13 **through applications as authorized by this chapter and Section 21 of this Act;**

14 ~~(22)~~ "Telephone account wagering" means a form of pari-mutuel wagering where an
15 individual may deposit money in an account at a track and may place a wager by
16 direct telephone call or by communication through other electronic media owned by
17 the holder of the account to the track;

18 ~~(23)~~~~(21)~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing
19 in which each horse participating in the race is a Thoroughbred, (i.e., meeting the
20 requirements of and registered with The Jockey Club of New York) and is mounted
21 by a jockey; and

22 ~~(24)~~~~(22)~~ "Track" means any association duly licensed by the Kentucky Horse Racing
23 Commission to conduct horse racing. "Track" shall include any facility or real
24 property that is owned, leased, or purchased by a track within the same geographic
25 area within a sixty (60) mile radius of a track but not contiguous to track premises,
26 upon racing commission approval, and provided the noncontiguous property is not
27 within a sixty (60) mile radius of another licensed track premise where live racing is

1 conducted and not within a forty (40) mile radius of a simulcast facility, unless any
2 affected track or simulcast facility agrees in writing to permit a noncontiguous
3 facility within the protected geographic area.

4 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
5 READ AS FOLLOWS:

6 (1) The racing commission shall institute a system of sports wagering in
7 conformance with federal law, this chapter, Section 21 of this Act, and
8 administrative regulations promulgated under the authority of Section 13 of this
9 Act.

10 (2) Sports wagering shall not be offered in this state except by:

11 (a) A track that is licensed under this chapter;

12 (b) A professional sports venue; or

13 (c) An online or smart phone application that shall:

14 1. a. From the effective date of this Act until January 1, 2022, only be
15 available through in-person registration at a licensed track or
16 professional sports venue where the individual registering for the
17 application shall provide proof that he or she is at least eighteen
18 (18) years of age; and

19 b. After January 1, 2022, the application may be directly available
20 for download upon proof that the individual downloading the
21 application is at least eighteen (18) years of age;

22 2. Contain geographical location software to ensure that bets are placed
23 only within the boundaries of the Commonwealth; and

24 3. Include an option for advance deposit account wagering on sports
25 events.

26 (3) A licensed track or professional sports venue may contract with no more than one
27 (1) interactive sports wagering technology and service provider at a time to

1 provide services and technology which supports the track's operation of sports
2 betting both on the track and over the Internet.

3 (4) A track or professional sports venue shall not offer sports wagering until the
4 racing commission has issued a sports wagering license to the track or venue.

5 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
6 READ AS FOLLOWS:

7 (1) Sporting events that may be wagered upon at the discretion of the racing
8 commission include but are not limited to:

9 (a) Professional sporting events sanctioned by nationally recognized
10 organizations, including but not limited to:

11 1. The National Football League;

12 2. The National Basketball Association;

13 3. Major League Baseball;

14 4. The Professional Golfers' Association;

15 5. The National Association for Stock Car Auto Racing; and

16 6. Other nationally recognized organizations sanctioning events in
17 professional sports such as boxing, mixed martial arts, and soccer;

18 (b) College sporting events sanctioned by the National Collegiate Athletic
19 Association, the National Association of Intercollegiate Athletics, or other
20 collegiate athletic body recognized by the commission;

21 (c) International events such as the Olympics and World Cup Soccer, at the
22 discretion of the racing commission; and

23 (d) After consulting with the league or association sanctioning or authorizing
24 the sporting event, actions within a sporting event that do not represent the
25 end result of the game, but are integral to the play of the game, including
26 but not limited to:

27 1. The result of a putt;

1 *that citizens shall be allowed to enjoy wagering on sporting events in a*
2 *controlled environment that protects the citizens from cheating and fraud,*
3 *and that such wagering shall be best controlled and overseen by the*
4 *Kentucky Horse Racing Commission, which has demonstrated a long and*
5 *successful history of regulating wagering.*

6 (2) (a) It is hereby declared the purpose and intent of this chapter in the interest of the
7 public health, safety, and welfare, to vest in the racing commission forceful
8 control of horse racing in the Commonwealth with plenary power to
9 promulgate administrative regulations prescribing conditions under which all
10 legitimate horse racing and wagering thereon is conducted in the
11 Commonwealth so as to encourage the improvement of the breeds of horses in
12 the Commonwealth, to regulate and maintain horse racing at horse race
13 meetings in the Commonwealth of the highest quality and free of any corrupt,
14 incompetent, dishonest, or unprincipled horse racing practices, and to regulate
15 and maintain horse racing at race meetings in the Commonwealth so as to
16 dissipate any cloud of association with the undesirable and maintain the
17 appearance as well as the fact of complete honesty and integrity of horse
18 racing in the Commonwealth.

19 *(b) In addition, it is hereby declared the purpose and intent of this chapter to*
20 *vest in the racing commission exclusive jurisdiction over sports wagering in*
21 *the Commonwealth, with the exception of fantasy contest wagering under*
22 *KRS Chapter 239, with plenary power to promulgate administrative*
23 *regulations prescribing conditions under which all legitimate sports*
24 *wagering is to be conducted.*

25 (c) In addition to the general powers and duties vested in the racing commission
26 by this chapter, it is the intent hereby to vest in the racing commission the
27 power to eject or exclude from association grounds or any part thereof any

1 person, licensed or unlicensed, whose conduct or reputation is such that his
2 presence on association grounds may, in the opinion of the racing
3 commission, reflect on the honesty and integrity of horse racing or interfere
4 with the orderly conduct of horse racing.

5 ➔Section 14. KRS 230.225 is amended to read as follows:

6 (1) The Kentucky Horse Racing Commission is created as an independent agency of
7 state government to regulate the conduct of horse racing and pari-mutuel wagering
8 on horse racing, and sports wagering and related activities within the
9 Commonwealth of Kentucky. The racing commission shall be attached to the Public
10 Protection Cabinet for administrative purposes.

11 (2) (a) The Kentucky Horse Racing Commission shall consist of fifteen (15)
12 members appointed by the Governor, with the secretaries of the Public
13 Protection Cabinet, Tourism, Arts and Heritage Cabinet, and Economic
14 Development Cabinet, or their designees, serving as ex officio nonvoting
15 members.

16 (b) Two (2) members shall have no financial interest in the business or industry
17 regulated.

18 (c) The members of the racing commission shall be appointed to serve for a term
19 of four (4) years, except the initial terms shall be staggered as follows:

20 1. Five (5) members shall serve for a term of four (4) years;

21 2. Five (5) members shall serve for a term of three (3) years; and

22 3. Five (5) members shall serve for a term of two (2) years.

23 (d) Any member appointed to fill a vacancy occurring other than by expiration of
24 a term shall be appointed for the remainder of the unexpired term.

25 (e) In making appointments, the Governor may consider members broadly
26 representative of the Thoroughbred industry and members broadly
27 representative of the standardbred, quarter horse, Appaloosa, or Arabian

1 industries. The Governor may also consider recommendations from the
2 Kentucky Thoroughbred Owners and Breeders, Inc., the Kentucky Division of
3 the Horsemen's Benevolent and Protective Association, the Kentucky Harness
4 Horsemen's Association, and other interested organizations.

5 (3) (a) Members of the racing commission shall receive no compensation for serving
6 on the commission, but shall be reimbursed for travel expenses for attending
7 meetings and performing other official functions consistent with the
8 reimbursement policy for state employees established by KRS 45.101 and
9 administrative regulations promulgated thereunder.

10 (b) The Governor shall appoint one (1) member of the racing commission to serve
11 as its chairperson who shall serve at the pleasure of the Governor.

12 (c) The Governor shall further designate a second member to serve as vice chair
13 with authority to act in the absence of the chairperson.

14 (d) Before entering upon the discharge of their duties, all members of the
15 Kentucky Horse Racing Commission shall take the constitutional oath of
16 office.

17 (4) (a) The racing commission shall establish and maintain a general office for the
18 transaction of its business and may in its discretion establish a branch office or
19 offices.

20 (b) The racing commission may hold meetings at any of its offices or at any other
21 place when the convenience of the racing commission requires.

22 (c) All meetings of the racing commission shall be open and public, and all
23 persons shall be permitted to attend meetings.

24 (d) A majority of the voting members of the racing commission shall constitute a
25 quorum for the transaction of its business or exercise of any of its powers.

26 (5) Except as otherwise provided, the racing commission shall be responsible for the
27 following:

- 1 (a) Developing and implementing programs designed to ensure the safety and
2 well-being of horses, jockeys, and drivers;
- 3 (b) Developing programs and procedures that will aggressively fulfill its oversight
4 and regulatory role on such matters as medical practices and integrity issues;
- 5 (c) Recommending tax incentives and implementing incentive programs to ensure
6 the strength and growth of the equine industry;
- 7 (d) Designing and implementing programs that strengthen the ties between
8 Kentucky's horse industry and the state's universities, with the goal of
9 significantly increasing the economic impact of the horse industry on
10 Kentucky's economy, improving research for the purpose of promoting the
11 enhanced health and welfare of the horse, and other related industry issues; ~~f~~
12 ~~and~~
- 13 (e) Developing and supporting programs which ensure that Kentucky remains in
14 the forefront of equine research;
- 15 **(f) Developing monitoring programs to ensure the highest integrity of athletic**
16 **events and sports wagering; and**
- 17 **(g) Developing a program to share wagering information with the leagues,**
18 **associations, and other governing bodies sanctioning sports events upon**
19 **which wagers may be accepted. The program shall be designed to assist in**
20 **determining potential problems or questionable wagering activity so the**
21 **leagues, associations, and the racing commission can monitor wagering**
22 **activity effectively.**

23 ➔Section 15. KRS 230.240 is amended to read as follows:

- 24 (1) **(a)** In addition to the employees referred to in KRS 230.230, the executive
25 director of the racing commission may employ, dismiss, or take other
26 personnel action and determine the reasonable compensation of stewards,
27 supervisors of mutuels, veterinarians, inspectors, accountants, security

1 officers, and other employees deemed by the executive director to be essential
2 at or in connection with any horse race meeting and in the best interest of
3 racing, or those deemed by the executive director to be integral to the
4 conduct of sports wagering.

5 **(b)** Three (3) Thoroughbred stewards shall be employed at each Thoroughbred
6 race meeting as follows:

7 **1.** Two (2) stewards shall be employed and compensated by the
8 Commonwealth, subject to reimbursement by the racing associations
9 pursuant to subsection (3) of this section; and

10 **2.** One (1) Thoroughbred steward shall be employed and compensated by
11 the racing association hosting the race meeting.

12 **(c)** Three (3) standardbred judges shall be employed at each standardbred race
13 meeting as follows:

14 **1.** Two (2) standardbred judges shall be employed and compensated by the
15 Commonwealth, subject to reimbursement by the racing associations
16 pursuant to subsection (3) of this section; and

17 **2.** One (1) standardbred judge shall be employed and compensated by the
18 racing association hosting the race meeting.

19 **(d)** The security officers shall be peace officers and conservators of the peace on
20 racing commission property and at all race tracks and grounds in the
21 Commonwealth and shall possess all the common law and statutory powers
22 and privileges now available or hereafter made available to sheriffs,
23 constables, and police officers for the purpose of enforcing all laws relating
24 directly or indirectly to the conduct of horse racing and pari-mutuel wagering
25 thereon, the conduct of sports wagering, or the enforcement of laws relating
26 to the protection of persons or property on premises licensed by the racing
27 commission.

1 (e) The racing commission, for the purpose of maintaining integrity and honesty
2 in racing, shall prescribe by administrative regulation the powers and duties of
3 the persons employed under this section and qualifications necessary to
4 competently perform their duties. In addition, the racing commission shall be
5 responsible for seeing that racing officials employed under the provisions of
6 this section have adequate training to perform their duties in a competent
7 manner.

8 (2) (a) The racing commission shall promulgate administrative regulations for
9 effectively preventing the use of improper devices, and restricting or
10 prohibiting the use and administration of drugs or stimulants or other
11 improper acts to horses prior to the horse participating in a race.

12 (b) The racing commission may acquire, operate, and maintain, or contract for the
13 maintenance and operation of, a testing laboratory and related facilities, for
14 the purpose of saliva, urine, or other tests, and to purchase supplies and
15 equipment for and in connection with the laboratory or testing processes.

16 (c) The expense of the laboratory or other testing processes, whether furnished by
17 contract or otherwise, together with all supplies and equipment used in
18 connection therewith, shall be paid by the various associations licensed under
19 this chapter in the manner and in proportions as the racing commission shall
20 by administrative regulation provide.

21 (3) (a) The compensation of the employees referred to in this section shall be paid by
22 the licensee conducting the horse race meeting in connection with which the
23 employees are utilized or employed.

24 (b) The salary of the executive director to the racing commission shall be prorated
25 among and paid by the various associations licensed under this chapter in the
26 manner as the racing commission shall, by administrative regulation, provide.

27 (c) Except for the Thoroughbred steward and the standardbred judge authorized

1 in subsection (1) of this section, the employees referred to in this section shall
2 be deemed employees of the racing commission, and are paid by the licensee
3 or association for convenience only.

4 (4) Each person, as a condition precedent to the privilege of receiving a license under
5 this chapter to conduct a horse race meeting, shall be deemed to have agreed to pay
6 expenses and compensation as provided in this section and as may be actually and
7 reasonably incurred.

8 ➔Section 16. KRS 230.260 is amended to read as follows:

9 The racing commission, in the interest of breeding or the improvement of breeds of
10 horses, shall have all powers necessary and proper to carry out fully and effectually the
11 provisions of this chapter including but without limitation the following:

12 (1) The racing commission is vested with jurisdiction and supervision over all horse
13 race meetings and sports wagering in this Commonwealth and over all associations
14 and all persons on association grounds and may eject or exclude therefrom or any
15 part thereof, any person, licensed or unlicensed, whose conduct or reputation is such
16 that his presence on association grounds may, in the opinion of the racing
17 commission, negatively reflect on the honesty and integrity of horse racing, or on
18 athletic contests upon which sports wagers have been placed, or interfere with the
19 orderly conduct of horse racing or racing at horse race meetings; provided, however,
20 no persons shall be excluded or ejected from association grounds solely on the
21 ground of race, color, creed, national origin, ancestry, or sex;

22 (2) The racing commission is vested with jurisdiction over any person or entity that
23 offers advance deposit account wagering to Kentucky residents for pari-mutuel
24 wagering on horse racing. Any such person or entity under the jurisdiction of the
25 racing commission shall be licensed by the racing commission, and the racing
26 commission may impose a license fee not to exceed ten thousand dollars (\$10,000)
27 annually. The racing commission shall, by administrative regulation promulgated in

- 1 accordance with KRS Chapter 13A, establish conditions and procedures for the
2 licensing of advance deposit account wagering providers to include but not be
3 limited to:
- 4 (a) A fee schedule for applications for licensure; and
 - 5 (b) Reporting requirements to include quarterly reporting on:
 - 6 1. The amount wagered on Kentucky races; and
 - 7 2. The total amount wagered by Kentuckians;
 - 8 (3) The racing commission is vested with jurisdiction over any totalisator company that
9 provides totalisator services to a racing association located in the Commonwealth.
10 A totalisator company under the jurisdiction of the racing commission shall be
11 licensed by the racing commission, regardless of whether a totalisator company is
12 located in the Commonwealth or operates from a location or locations outside of the
13 Commonwealth, and the racing commission may impose a license fee on a
14 totalisator company. The racing commission shall, by administrative regulation
15 promulgated in accordance with KRS Chapter 13A, establish conditions and
16 procedures for the licensing of totalisator companies, and a fee schedule for
17 applications for licensure;
 - 18 (4) The racing commission is vested with jurisdiction over any manufacturer,
19 wholesaler, distributor, or vendor of any equine drug, medication, therapeutic
20 substance, or metabolic derivative which is purchased by or delivered to a licensee
21 or other person participating in Kentucky horse racing by means of the Internet,
22 mail delivery, in-person delivery, or other means;
 - 23 (5) The racing commission is vested with jurisdiction over any horse training center or
24 facility in the Commonwealth that records official timed workouts for publication;
 - 25 (6) The racing commission may require an applicant for a license under subsections (2)
26 and (3) of this section to submit to a background check of the applicant, or of any
27 individual or organization associated with the applicant. An applicant shall be

- 1 required to reimburse the racing commission for the cost of any background check
2 conducted;
- 3 (7) The racing commission, its representatives and employees, may visit, investigate
4 and have free access to the office, track, facilities, or other places of business of any
5 licensee, or any person owning a horse or performing services regulated by this
6 chapter on a horse registered to participate in a breeders incentive fund under the
7 jurisdiction of the racing commission;
- 8 (8) The racing commission shall have full authority to prescribe necessary and
9 reasonable administrative regulations and conditions under which horse racing at a
10 horse race meeting shall be conducted in this state and to fix and regulate the
11 minimum amount of purses, stakes, or awards to be offered for the conduct of any
12 horse race meeting;
- 13 (9) Applications for licenses shall be made in the form, in the manner, and contain
14 information as the racing commission may, by administrative regulation, require.
15 Fees for all licenses issued under KRS 230.310 shall be prescribed by and paid to
16 the racing commission;
- 17 (10) The racing commission shall establish by administrative regulation minimum fees
18 for jockeys to be effective in the absence of a contract between an employing owner
19 or trainer and a jockey. The minimum fees shall be no less than those of July 1,
20 1985;
- 21 (11) The racing commission may refuse to issue or renew a license, revoke or suspend a
22 license, impose probationary conditions on a license, issue a written reprimand or
23 admonishment, impose fines or penalties, deny purse money, require the forfeiture
24 of purse money, or any combination thereof with regard to a licensee or other
25 person participating in Kentucky horse racing for violation of any federal or state
26 statute, regulation, or steward's or racing commission's directive, ruling, or order to
27 preserve the integrity of Kentucky horse racing or to protect the racing public. The

1 racing commission shall, by administrative regulation, establish the criteria for
2 taking the actions described in this subsection;

3 (12) The racing commission may issue subpoenas for the attendance of witnesses before
4 it and for the production of documents, records, papers, books, supplies, devices,
5 equipment, and all other instrumentalities related to pari-mutuel horse racing or
6 sports wagering within the Commonwealth. The racing commission may
7 administer oaths to witnesses and require witnesses to testify under oath whenever,
8 in the judgment of the racing commission, it is necessary to do so for the effectual
9 discharge of its duties;

10 (13) The racing commission shall have authority to compel any racing association
11 licensed under this chapter to file with the racing commission at the end of its fiscal
12 year, a balance sheet, showing assets and liabilities, and an earnings statement,
13 together with a list of its stockholders or other persons holding a beneficial interest
14 in the association; and

15 (14) The racing commission shall promulgate administrative regulations establishing
16 safety standards for jockeys, which shall include the use of rib protection
17 equipment. Rib protection equipment shall not be included in a jockey's weight.

18 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
19 READ AS FOLLOWS:

20 (1) No person shall conduct or offer to conduct sports wagering within the
21 Commonwealth of Kentucky without obtaining a sports wagering license from
22 the racing commission.

23 (2) As a prerequisite to obtaining a sports wagering license, a person shall be:

24 (a) Licensed as an association under KRS 230.300; or

25 (b) A professional sports venue sanctioned by one (1) or more of the
26 professional sports leagues recognized under subsection (1)(a) of Section 12
27 of this Act.

1 (3) In addition to the requirement in subsection (2) of this section, an initial
 2 licensing fee of five hundred thousand dollars (\$500,000) shall be paid to the
 3 racing commission before a license may be issued.

4 (4) An annual renewal fee of fifty thousand dollars (\$50,000) shall be required for
 5 each sports wagering license.

6 (5) Licensing fees paid under this section shall be deposited into the wagering
 7 administration fund established by Section 4 of this Act.

8 ➔Section 18. KRS 230.320 is amended to read as follows:

9 (1) Every license granted under this chapter is subject to denial, revocation, or
 10 suspension.~~[, and]~~

11 (2) Every racing licensee or other person participating in Kentucky horse racing may be
 12 assessed an administrative fine and required to forfeit or return a purse, by the
 13 racing commission in any case where it has reason to believe that any provision of
 14 this chapter, administrative regulation, or condition of the racing commission
 15 affecting it has not been complied with or has been broken or violated. The racing
 16 commission may deny, revoke, or suspend a license for failure by the licensee or
 17 other person participating in Kentucky horse racing to pay an administrative fine
 18 imposed upon the licensee by the stewards or the racing commission. The racing
 19 commission, in the interest of honesty and integrity of horse racing, may promulgate
 20 administrative regulations under which any license may be denied, suspended, or
 21 revoked, and under which any licensee or other person participating in Kentucky
 22 horse racing may be assessed an administrative fine or required to forfeit or return a
 23 purse.

24 ~~(3)(2)~~ (a) Following a hearing by the stewards, a person who has been disciplined
 25 by a ruling of the stewards may apply to the racing commission for a stay of
 26 the ruling, pending action on an appeal by the racing commission.

27 (b) An application for a stay shall be received by the executive director or his

- 1 designee within ten (10) calendar days of the issuance of the stewards' ruling.
- 2 (c) An application for a stay shall be in writing and include the following:
- 3 1. The name, address, telephone number, and signature of the person
- 4 requesting the stay;
- 5 2. A statement of the justification for the stay; and
- 6 3. The period of time for which the stay is requested.
- 7 (d) On a finding of good cause, the executive director or his designee may grant
- 8 the stay. The executive director or his designee shall issue a written decision
- 9 granting or denying the request for stay within five (5) calendar days from the
- 10 time the application for stay is received by the executive director or his
- 11 designee. If the executive director or his designee fails to timely issue a
- 12 written decision, then the stay is deemed granted. The executive director or his
- 13 designee may rescind a stay granted under this subsection for good cause.
- 14 (e) A person who is denied a stay by the executive director or his designee, or has
- 15 a previously granted stay rescinded under paragraph (d) of this subsection,
- 16 may petition the racing commission to overrule the executive director's or
- 17 designee's denial or rescission of the stay. The petition shall be filed in writing
- 18 with the chairperson of the racing commission and received by the chairperson
- 19 within ten (10) calendar days of the mailing of the executive director's or
- 20 designee's denial of the stay. The petition shall state the name, address, phone
- 21 number, and signature of the petitioner; a statement of justification of the stay;
- 22 and the time period for which the stay is requested. The chairperson shall
- 23 convene a special meeting of the racing commission within ten (10) calendar
- 24 days of receipt of the petition, and the racing commission shall issue a written
- 25 final order granting or denying the petition within two (2) calendar days of the
- 26 special meeting. If the racing commission fails to timely issue a final order on
- 27 the petition, then the stay is granted. The racing commission may rescind a

1 stay granted under this subsection for good cause.

2 (f) A person who is denied or has a previously granted stay rescinded by the
3 racing commission may file an appeal of the final written order of the racing
4 commission in the Circuit Court of the county in which the cause of action
5 arose.

6 (g) The fact that a stay is granted is not a presumption that the ruling by the
7 stewards is invalid.

8 ~~(4)~~~~(3)~~ If any ***rac******ing-associated*** license is denied, suspended, or revoked, or if any
9 licensee or other person participating in Kentucky horse racing is assessed an
10 administrative fine or required to forfeit or return a purse, after a hearing by the
11 stewards or by the racing commission acting on a complaint or by its own volition,
12 the racing commission shall grant the applicant, licensee, or other person the right
13 to appeal the decision, and upon appeal, an administrative hearing shall be
14 conducted in accordance with KRS Chapter 13B.

15 ~~(5)~~~~(4)~~ The racing commission may at any time order that any case pending before the
16 stewards be immediately transferred to the racing commission for an administrative
17 hearing conducted in accordance with KRS Chapter 13B.

18 ~~(6)~~~~(5)~~ (a) In an administrative appeal to the racing commission by a licensee or
19 other person participating in Kentucky horse racing, the racing commission
20 may determine in its final order that the appeal is frivolous. If the racing
21 commission finds that an appeal is frivolous:

- 22 1. This fact shall be considered an aggravating circumstance and may be
23 considered in assessing any penalty against the licensee; and
- 24 2. The licensee or other person who raised the appeal may be required to
25 reimburse the racing commission for the cost of the investigation of the
26 underlying circumstances of the case and the cost of the adjudication of
27 the appeal. Costs may include but are not limited to fees paid to a

1 hearing officer or court reporter, attorneys fees, and laboratory expenses.

2 (b) The racing commission shall by administrative regulation prescribe the
3 conditions or factors by which an appeal may be determined to be frivolous.

4 ~~(7)~~~~(6)~~ Any administrative action authorized in this chapter shall be in addition to any
5 criminal penalties provided in this chapter or under other provisions of law.

6 ➔Section 19. KRS 230.361 is amended to read as follows:

7 (1) The racing commission shall promulgate administrative regulations governing and
8 regulating mutuel wagering on horse races under what is known as the pari-mutuel
9 system of wagering. The wagering shall be conducted only by a person licensed
10 under this chapter to conduct a race meeting and only upon the licensed premises.
11 The pari-mutuel system of wagering shall be operated only by a totalizator or other
12 mechanical equipment approved by the racing commission. The racing commission
13 shall not require any particular make of equipment.

14 (2) **The racing commission shall promulgate administrative regulations governing**
15 **and regulating sports wagering. The wagering shall be conducted only by persons**
16 **licensed under this chapter.**

17 (3) The operation of a pari-mutuel system for betting, **or the conduct of sports**
18 **wagering,** where authorized by law shall not constitute grounds for the revocation
19 or suspension of any license issued and held under KRS 242.1238 and 243.265.

20 ~~(4)~~~~(3)~~ All reported but unclaimed pari-mutuel **or sports wagering** winning tickets
21 held in this state by any person or association operating a pari-mutuel, **sports**
22 **wagering,** or similar system of betting **conducted through a licensed association**~~[~~
23 ~~at horse race meetings]~~ shall be presumed abandoned if not claimed by the person
24 entitled to them within one (1) year from the time the ticket became payable.

25 ~~(5)~~~~(4)~~ The racing commission may issue a license to conduct pari-mutuel wagering
26 on steeple chases or other racing over jumps; if all proceeds from the wagering,
27 after expenses are deducted, is used for charitable purposes. If the dates requested

1 for such a license have been granted to a track within a forty (40) mile radius of the
2 race site, the racing commission shall not issue a license until it has received written
3 approval from the affected track. Pari-mutuel wagering licensed and approved under
4 this subsection shall be limited to four (4) days per year. All racing and wagering
5 authorized by this subsection shall be conducted in accordance with applicable
6 administrative regulations promulgated by the racing commission.

7 ➔Section 20. KRS 230.3615 is amended to read as follows:

8 (1) The commission, including the tax levied in KRS 138.510, deducted from the gross
9 amount wagered on horse racing by the association which operates a race track
10 under the jurisdiction of the Kentucky Horse Racing Commission and conducts the
11 Thoroughbred racing at which betting is conducted through a pari-mutuel or other
12 similar system, in races where the patron is required to select one (1) horse, and the
13 breaks, which breaks shall be made and calculated to the dime, shall not be more
14 than sixteen percent (16%) at the discretion of those tracks averaging over one
15 million two hundred thousand dollars (\$1,200,000) in on-track pari-mutuel handle
16 per day of live racing conducted by the association. The commission at those tracks
17 averaging one million two hundred thousand dollars (\$1,200,000) or less in on-track
18 pari-mutuel handle per day of live racing conducted by the association, at the
19 discretion of such track, shall not be more than seventeen and one-half percent
20 (17.5%) in races where the patron is required to select one (1) horse, and the breaks,
21 which breaks shall be made and calculated to the dime.

22 (2) The commission at those tracks averaging over one million two hundred thousand
23 dollars (\$1,200,000) in on track pari-mutuel handle per day of live racing conducted
24 by the association, including the tax levied in KRS 138.510, deducted from the
25 gross amount wagered by the person, corporation, or association which operates a
26 race track under the jurisdiction of the Kentucky Horse Racing Commission and
27 conducts Thoroughbred racing at which betting is conducted through a pari-mutuel

1 or other similar system shall not exceed nineteen percent (19%) of the gross handle
2 in races where the patron is required to select two (2) or more horses, and the
3 breaks, which breaks shall be made and calculated to the dime. The commission, at
4 those tracks averaging one million two hundred thousand dollars (\$1,200,000) or
5 less in on track pari-mutuel handle per day of live racing conducted by the
6 association, including the tax levied in KRS 138.510, deducted from the gross
7 amount wagered by the association which operates a race track under the
8 jurisdiction of the Kentucky Horse Racing Commission and conducts Thoroughbred
9 racing at which betting is conducted through a pari-mutuel or other similar system
10 shall not exceed twenty-two percent (22%) of the gross handle in races where the
11 patron is required to select two (2) or more horses, and the breaks, which breaks
12 shall be made and calculated to the dime.

13 (3) The minimum *pari-mutuel* wager to be accepted by any licensed association shall
14 be ten cents (\$0.10). The minimum pay-off on a one dollar (\$1) *pari-mutuel* wager
15 shall be one dollar and ten cents (\$1.10); but, in the event of a minus pool, the
16 minimum pay-off for a one dollar (\$1) *pari-mutuel* wager shall be one dollar and
17 five cents (\$1.05).

18 (4) Each association conducting Thoroughbred racing and averaging one million two
19 hundred thousand dollars (\$1,200,000) or less in on-track pari-mutuel handle per
20 day of live racing conducted by the association shall pay to the racing commission
21 all moneys allocated to the *Thoroughbred* backside improvement fund in an
22 amount equal to one-half of one percent (0.5%) of its on-track pari-mutuel wagers.

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

25 (1) As used in this section, "adjusted gross revenue" means the total sum of bets
26 collected by a sports wagering licensee, less winnings paid to participants in the
27 contest;

- 1 (2) A tax is imposed on persons licensed to conduct sports wagering under KRS
2 Chapter 230 at a rate of:
3 (a) Nine and three-quarters percent (9.75%) on the adjusted gross revenue on
4 wagers placed at the licensed track or professional sports venue; or
5 (b) Fourteen and one-quarter percent (14.25%) on wagers placed online or via
6 smart phone or other off-site technology approved by the Kentucky Horse
7 Racing Commission;
8 and shall be appropriated to the wagering administration fund established in
9 Section 4 of this Act and appropriated for the purposes established in that section.
- 10 (3) In addition to the tax imposed by subsection (2)(a) of this section, a tax of half of
11 one percent (.5%) is imposed on the adjusted gross revenue on wagers placed at a
12 licensed track and shall be allocated:
13 (a) To the Thoroughbred development fund established by KRS 230.400 if the
14 revenue is from a Thoroughbred track;
15 (b) To the Standardbred development fund established by KRS 230.770 if the
16 revenue is from a Standardbred track; or
17 (c) To be split evenly between the Thoroughbred development fund and the
18 Standardbred development fund if the revenue is from a track racing both
19 Thoroughbreds and Standardbreds.
- 20 (4) The department shall enforce the provisions of and collect the taxes and penalties
21 imposed in this section, and in doing so it shall have the general powers and
22 duties granted it in KRS Chapters 131 and 135, including the power to enforce,
23 by an action in the Franklin Circuit Court, the collection of the taxes, penalties,
24 and other payments imposed or required by this section.
- 25 (5) The tax imposed by this section is due and payable to the department monthly
26 and shall be remitted on or before the twentieth day of the next succeeding
27 calendar month.

1 (6) (a) Payment shall be accompanied by a return form which the department shall
2 prescribe.

3 (b) The return form shall report, at a minimum:

4 1. The total handle;

5 2. Prizes paid;

6 3. Adjusted gross revenue; and

7 4. Wagering tax due.

8 (7) Wagering taxes due and payable in accordance with this section shall be paid via
9 electronic funds transfer. Sports wagering licensees shall provide the department
10 with all protocol documentation and electronic funds transfer data necessary to
11 facilitate the timely transfer of funds.

12 (8) Any person who violates any provision of this section shall be subject to the
13 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax
14 interest rate as defined in KRS 131.010(6).

15 (9) The Kentucky Horse Racing Commission may suspend, revoke, or decline to
16 renew a license upon the licensee's failure to timely submit payment of taxes due
17 under this section or the administrative regulations promulgated by the
18 department thereto.

19 ➔Section 22. KRS 230.362 is amended to read as follows:

20 Any person holding unclaimed pari-mutuel or sports wagering winning tickets presumed
21 abandoned under the provisions of KRS 230.361 shall file annually, on or before
22 September 1 of each year, with the office of the racing commission a list of and the
23 amounts represented by unclaimed pari-mutuel or sports wagering tickets held by such
24 person as of July 1, and other information as the racing commission may require for the
25 administration of KRS 230.361 to 230.373. The report shall be made in duplicate; the
26 original shall be retained by the racing commission and the copy shall be mailed to the
27 sheriff of the county where the unclaimed pari-mutuel or sports wagering tickets are

1 held. It shall be the duty of the sheriff to post for not less than twenty (20) consecutive
2 days a copy of the report on the courthouse door or the courthouse bulletin board, and to
3 publish the copy in the manner set forth by KRS Chapter 424. The cost of the publication
4 shall be paid by the racing commission. The sheriff shall immediately certify in writing to
5 the racing commission the dates when the list was posted and published. The list shall be
6 posted and published as required on or before October 1 of the year when it is made, and
7 such posting and publishing shall be constructive notice to all holders of pari-mutuel and
8 sports wagering tickets which have remained unclaimed for a period of one (1) year from
9 the time the ticket became payable.

10 →Section 23. KRS 230.363 is amended to read as follows:

11 Any person who has made a report of unclaimed pari-mutuel or sports wagering tickets
12 to the racing commission as required by KRS 230.362 shall, between November 1 and
13 November 15 of each year, turn over to the racing commission the sum represented by the
14 unclaimed pari-mutuel or sports wagering tickets so reported; but if the person making
15 the report or the owner of the unclaimed pari-mutuel or sports wagering ticket certifies to
16 the racing commission by sworn statement that any or all of the statutory conditions
17 necessary to create a presumption of abandonment no longer exists or never did exist, or
18 shall certify existence of any fact or circumstance in which there is substantial evidence to
19 rebut such presumption, then, the person reporting the unclaimed pari-mutuel or sports
20 wagering tickets or holding the sum represented by the unclaimed pari-mutuel or sports
21 wagering tickets as reported shall not be required to turn over said sum to the racing
22 commission except upon order of court. If the holder of any unclaimed pari-mutuel or
23 sports wagering ticket files an action in court claiming the sum which has been reported
24 under the provisions of KRS 230.362, the person reporting or holding the sum
25 represented by said unclaimed pari-mutuel or sports wagering ticket shall be under no
26 duty while any such action is pending to turn over said sum to the racing commission, but
27 shall have the duty of notifying the racing commission of the pendency of such action.

1 ➔Section 24. KRS 230.364 is amended to read as follows:

2 Any person holding an unclaimed pari-mutuel or sports wagering ticket or any person
3 holding the sum represented by an unclaimed pari-mutuel or sports wagering ticket, or
4 any claimant thereto shall have the right to a judicial determination of his rights under
5 KRS 230.361 to 230.373 and nothing therein shall be construed otherwise; and the racing
6 commission may institute an action to recover the sum represented by the unclaimed pari-
7 mutuel or sports wagering tickets which are presumed abandoned whether said sum has
8 been reported or not and may include in one (1) petition the sum represented by all the
9 unclaimed pari-mutuel or sports wagering tickets as defined herein within the
10 jurisdiction of the court in which the action is brought.

11 ➔Section 25. KRS 230.365 is amended to read as follows:

12 Any person who pays the sum represented by the unclaimed pari-mutuel or sports
13 wagering tickets to the racing commission under KRS 230.363 is relieved of all liability
14 for the value of said unclaimed pari-mutuel or sports wagering tickets for any claim
15 made in respect of said unclaimed pari-mutuel or sports wagering tickets.

16 ➔Section 26. KRS 230.366 is amended to read as follows:

17 Any person claiming an interest in any unclaimed pari-mutuel or sports wagering ticket
18 which has been paid or surrendered to the racing commission in accordance with KRS
19 230.361 to 230.373 may file his claim to it at any time after it was paid to the racing
20 commission.

21 ➔Section 27. KRS 230.369 is amended to read as follows:

22 The racing commission, through its employees, may examine all records of any person
23 where there is reason to believe that there has been or is a failure to report unclaimed
24 pari-mutuel or sports wagering tickets.

25 ➔Section 28. KRS 230.371 is amended to read as follows:

26 The racing commission may require the production of reports or the surrender of sums
27 represented by unclaimed pari-mutuel or sports wagering tickets as provided in KRS

1 230.361 to 230.373 by civil equity action, including, but not limited to, an action in the
2 nature of a bill of discovery, in which case the defendant shall pay a penalty equal to ten
3 percent (10%) of all amounts that he is ultimately required to surrender. The racing
4 commission shall follow the procedures provided by the Rules of Civil Procedure.

5 →Section 29. KRS 230.372 is amended to read as follows:

6 Any payments made to any persons claiming an interest in an unclaimed pari-mutuel or
7 sports wagering ticket, and any necessary expense including, but not limited to,
8 administrative costs, advertising costs, court costs and attorney's fees, required to be paid
9 by the racing commission in administering or enforcing the provisions of KRS 230.361 to
10 230.373 shall be deducted from sums received by the racing commission prior to payment
11 to the Kentucky Racing Health and Welfare Fund.

12 →Section 30. KRS 230.373 is amended to read as follows:

13 Any holder of unclaimed pari-mutuel or sports wagering tickets affected by KRS
14 230.361 to 230.373 under disability shall have five (5) years after the disability is
15 removed in which to take any action or procedure or make any defense allowed to one sui
16 juris.

17 →Section 31. KRS 230.374 is amended to read as follows:

18 All sums reported and paid to the racing commission under the provisions of KRS
19 230.361 to 230.373, with the exception of funds paid on sports wagering tickets and
20 under KRS 230.398, shall be paid by the racing commission to the Kentucky Racing
21 Health and Welfare Fund, Inc., a nonprofit charitable corporation, organized for the
22 benefit, aid, assistance, and relief of Thoroughbred owners, trainers, jockeys, valets,
23 exercise riders, grooms, stable attendants, pari-mutuel clerks, and other Thoroughbred
24 racing personnel employed in connection with racing, and their spouses and children, who
25 can demonstrate their need for financial assistance connected with death, illness, or off-
26 the-job injury and are not otherwise covered by union health and welfare plans, workers'
27 compensation, Social Security, public welfare, or any type of health, medical, death, or

1 accident insurance. These sums shall be paid on or before December 31 in each year,
2 however, no payments shall be made by the racing commission to the Kentucky Racing
3 Health and Welfare Fund, Inc., unless the racing commission and the Auditor of Public
4 Accounts are satisfied that the fund is in all respects being operated for the charitable and
5 benevolent purposes as set forth in this section and that no part of the funds paid to the
6 fund by the racing commission or any net earnings of the fund inure to the benefit of any
7 private individual, director, officer, or member of the fund or any of the persons who
8 turned over sums to the racing commission representing unclaimed pari-mutuel tickets.

9 →Section 32. KRS 230.750 is amended to read as follows:

10 The commission, including the tax levied in KRS 138.510, deducted from the gross
11 amount wagered by the person, corporation, or association which operates a harness horse
12 track under the jurisdiction of the racing commission at which betting is conducted
13 through a pari-mutuel or other similar system shall not exceed eighteen percent (18%) of
14 the gross amount handled on straight pari-mutuel wagering pools and twenty-five percent
15 (25%) of the gross amount handled on multiple pari-mutuel wagering pools, plus the
16 breaks, which shall be made and calculated to the dime. Multiple pari-mutuel wagering
17 pools shall include daily double, perfecta, double perfecta, quinella, double quinella,
18 trifecta, and other types of exotic betting. An amount equal to three percent (3%) of the
19 total amount wagered on pari-mutuel racing and included in the commission of a
20 harness host track shall be allocated by the harness host track in the following manner.
21 Two percent (2%) shall be allocated to the host for capital improvements, promotions,
22 including advertising, or purses, as the host track shall elect. Three-quarters of one
23 percent (3/4 of 1%) shall be allocated to overnight purses. One-quarter of one percent (1/4
24 of 1%) shall be allocated to the Kentucky standardbred development fund. This allocation
25 shall be made after deduction from the commission of the pari-mutuel tax but prior to any
26 other deduction, allocation or division of the commission.

27 →SECTION 33. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO

1 READ AS FOLLOWS:

2 (1) A person shall not place a sports wager on a game or event in which he or she is
3 a participant.

4 (2) As used in this section, "participant" includes:

5 (a) Players;

6 (b) Coaches;

7 (c) Referees, umpires, judges, or other officials involved in enforcing the rules
8 of the game;

9 (d) Spouses and close family members of persons included in paragraphs (a) to
10 (c) of this subsection;

11 (e) Owners or shareholders of professional sports teams who might have
12 influence over players and coaches through the ability to hire or fire; and

13 (f) Employees of companies supplying technology or services related to sports
14 wagering to a track or professional sports venue.

15 (3) A person is guilty of tampering with the outcome of a sporting event when the
16 person interacts with a player, coach, referee, or other participant with the intent
17 to persuade the participant to act in a way that would:

18 (a) Alter the outcome of the sporting event; or

19 (b) Alter actions within the sporting event upon which people might place
20 sports wagers.

21 ➔Section 34. KRS 230.990 is amended to read as follows:

22 (1) Any person who violates KRS 230.070 or KRS 230.080(3) shall be guilty of a Class
23 D felony.

24 (2) Any person who violates KRS 230.090 shall be guilty of a Class A misdemeanor.

25 (3) Any person who violates KRS 230.680 shall be guilty of a Class A misdemeanor.

26 (4) Any person who refuses to make any report or to turn over sums as required by
27 KRS 230.361 to 230.373 shall be guilty of a Class A misdemeanor.

- 1 (5) Any person failing to appear before the racing commission at the time and place
2 specified in the summons issued pursuant to KRS 230.260(12), or refusing to
3 testify, shall be guilty of a Class B misdemeanor. False swearing on the part of any
4 witness shall be deemed perjury and punished as such.
- 5 (6) (a) A person is guilty of tampering with or interfering with a horse race when,
6 with the intent to influence the outcome of a horse race, he uses any device,
7 material, or substance not approved by the Kentucky Horse Racing
8 Commission on or in any participant involved in or eligible to compete in a
9 horse race to be viewed by the public.
- 10 (b) Any person who, while outside the Commonwealth and with intent to
11 influence the outcome of a horse race contested within the Commonwealth,
12 tampers with or interferes with any equine participant involved in or eligible
13 to compete in a horse race in the Commonwealth is guilty of tampering with
14 or interfering with a horse race.
- 15 (c) Tampering with or interfering with a horse race is a Class C felony.

16 **(7) Any participant who wagers on a sporting event in violation of Section 33 of this**
17 **Act is guilty of a Class A misdemeanor.**

18 **(8) Any person tampering with the outcome of a sporting event in violation of**
19 **Section 33 of this Act is guilty of a Class C felony.**

20 ➔Section 35. KRS 243.500 is amended to read as follows:

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

- 22 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
23 any illegal alcoholic beverages on the licensed premises.
- 24 (2) Making any false, material statements in an application or renewal application for a
25 license or supplemental license.
- 26 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 27 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,

- 1 or any act regulating the manufacture, sale, and transportation of alcoholic
2 beverages within two (2) consecutive years;
- 3 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
4 alcoholic beverages within two (2) consecutive years; or
- 5 (c) Any felony.
- 6 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any
7 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
8 Congress relative to taxation, or for a violation of any related administrative
9 regulations promulgated by the Department of Revenue.
- 10 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
11 and 243.610, or granted under any Act of Congress relative to the regulation of the
12 manufacture, sale, and transportation of alcoholic beverages.
- 13 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any
14 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
15 facility for betting or transmitting bets on horse races; or permitting to be set up,
16 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
17 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.
- 18 This subsection shall not apply to:
- 19 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 20 (b) The operation of a pari-mutuel system for betting, **or the operation of sports**
21 **wagering**, where authorized by law;
- 22 (c) The conduct of charitable gaming by a charitable organization licensed or
23 permitted under KRS Chapter 238;~~or~~
- 24 (d) Special temporary raffles of alcoholic beverages under KRS 243.036; **or**
25 **(e) The conduct of fantasy contests or online poker licensed under KRS**
26 **Chapter 239.**
- 27 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:

- 1 (a) The trafficking or possession upon the licensed premises of controlled or
2 illegal substances described in KRS Chapter 218A, including synthetic drugs;
3 (b) Knowingly permitting the trafficking or possession by patrons upon the
4 licensed premises of controlled or illegal substances described in KRS
5 Chapter 218A, including synthetic drugs; or
6 (c) Knowingly receiving stolen property upon the licensed premises.
7 (8) Failure to comply with the terms of a final order of the board.

8 ➔Section 36. KRS 525.090 is amended to read as follows:

- 9 (1) A person is guilty of loitering when he or she:
10 (a) Loiters or remains in a public place for the purpose of gambling with cards,
11 dice, or other gambling paraphernalia, except that the provisions of this
12 section shall not apply if the person is participating in charitable gaming
13 defined by KRS 238.505, or is engaged in sports wagering licensed under
14 KRS Chapter 230, or fantasy contests or online poker authorized under
15 KRS Chapter 239; or
16 (b) Loiters or remains in a public place for the purpose of unlawfully using a
17 controlled substance; or
18 (c) Loiters or remains in or about a school, college or university building or
19 grounds, not having any reason or relationship involving custody of or
20 responsibility for a pupil or student or any other specific legitimate reason for
21 being there and not having written permission from anyone authorized to grant
22 the same; or
23 (d) Loiters or remains in any transportation facility, unless specifically authorized
24 to do so, for the purpose of soliciting or engaging in any business, trade or
25 commercial transactions involving the sale of merchandise or services.

26 (2) Loitering is a violation.

27 ➔Section 37. KRS 528.010 is amended to read as follows:

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

- 2 (1) "Advancing gambling activity" -- A person "advances gambling activity" when,
3 acting other than as a player, he engages in conduct that materially aids any form of
4 gambling activity **not authorized under KRS Chapter 230 or 239**. The conduct
5 shall include, but is not limited to, conduct directed toward the establishment of the
6 particular game, contest, scheme, device, or activity involved; toward the
7 acquisition or maintenance of premises, paraphernalia, equipment, or apparatus
8 therefor; toward the solicitation or inducement of persons to participate therein;
9 toward the actual conduct of the playing phases thereof; toward the arrangement of
10 any of its financial or recording phases or toward any other phase of its operation. A
11 person who gambles at a social game of chance on equal terms with other
12 participants does not otherwise advance gambling activity by performing acts,
13 without remuneration or fee, directed toward the arrangement or facilitation of the
14 game as inviting persons to play, permitting the use of premises therefor and
15 supplying equipment used therein;
- 16 (2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets
17 upon the outcome of future contingent events from members of the public as a
18 business **not authorized under KRS Chapter 230 or 239**;
- 19 (3) "Charitable gaming" means games of chance conducted by charitable organizations
20 licensed and regulated under the provisions of KRS Chapter 238;
- 21 (4) (a) "Gambling" means staking or risking something of value upon the outcome of
22 a contest, game, gaming scheme, or gaming device which is based upon an
23 element of chance, in accord with an agreement or understanding that
24 someone will receive something of value in the event of a certain outcome. A
25 contest or game in which eligibility to participate is determined by chance and
26 the ultimate winner is determined by skill shall not be considered to be
27 gambling.

1 (b) Gambling shall not mean charitable gaming which is licensed and regulated
2 under ~~the provisions of~~ KRS Chapter 238, *fantasy contest or online poker*
3 *wagering authorized under KRS Chapter 239, or activities licensed under*
4 *KRS Chapter 230*;

5 (5) "Gambling device" means:

6 (a) Any so-called slot machine or any other machine or mechanical device an
7 essential part of which is a drum or reel with insignia thereon, and which
8 when operated may deliver, as a result of the application of an element of
9 chance, any money or property, or by the operation of which a person may
10 become entitled to receive, as the result of the application of an element of
11 chance, any money or property;

12 (b) Any mechanical or electronic device permanently located in a business
13 establishment, including a private club, that is offered or made available to a
14 person to play or participate in a simulated gambling program in return for
15 direct or indirect consideration, including but not limited to consideration paid
16 for Internet access or computer time, or a sweepstakes entry, which when
17 operated may deliver as a result of the application of an element of chance,
18 any money or property, or by the operation of which a person may become
19 entitled to receive, as the result of the application of an element of chance, any
20 money or property; or

21 (c) Any other machine or any mechanical or other device, including but not
22 limited to roulette wheels, gambling tables and similar devices, designed and
23 manufactured primarily for use in connection with gambling and which when
24 operated may deliver, as the result of the application of an element of chance,
25 any money or property, or by the operation of which a person may become
26 entitled to receive, as the result of the application of an element of chance, any
27 money or property;

- 1 (d) But, the following shall not be considered gambling devices within this
2 definition:
- 3 1. Devices dispensing or selling combination or French pools on licensed,
4 regular racetracks during races on said tracks;
 - 5 2. Devices dispensing or selling combination or French pools on historical
6 races at licensed, regular racetracks as lawfully authorized by the
7 Kentucky Horse Racing Commission;
 - 8 3. Electro-mechanical pinball machines specially designed, constructed, set
9 up, and kept to be played for amusement only. Any pinball machine
10 shall be made to receive and react only to the deposit of coins during the
11 course of a game. The ultimate and only award given directly or
12 indirectly to any player for the attainment of a winning score or
13 combination on any pinball machine shall be the right to play one (1) or
14 more additional games immediately on the same device at no further
15 cost. The maximum number of free games that can be won, registered,
16 or accumulated at one (1) time in operation of any pinball machine shall
17 not exceed thirty (30) free games. Any pinball machine shall be made to
18 discharge accumulated free games only by reactivating the playing
19 mechanism once for each game released. Any pinball machine shall be
20 made and kept with no meter or system to preserve a record of free
21 games played, awarded, or discharged. Nonetheless, a pinball machine
22 shall be a gambling device if a person gives or promises to give money,
23 tokens, merchandise, premiums, or property of any kind for scores,
24 combinations, or free games obtained in playing the pinball machine in
25 which the person has an interest as owner, operator, keeper, or
26 otherwise;~~or~~
 - 27 4. Devices used in the conduct of charitable gaming;

1 5. Devices used in the conduct of fantasy contest or online poker
2 wagering authorized under KRS Chapter 239; or

3 6. Devices used in the conduct of sports wagering licensed under KRS
4 Chapter 230;

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

6 (a) A gambling scheme in which:

7 1. The players pay or agree to pay something of value for chances,
8 represented and differentiated by numbers or by combinations of
9 numbers or by some other media, one (1) or more of which are to be
10 designated the winning ones; and

11 2. The ultimate winner is to be determined by a drawing or by some other
12 method based upon the element of chance; and

13 3. The holders of the winning chances are to receive something of value;
14 and

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

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

23 (8) "Player" means a person who engages in any form of gambling solely as a
24 contestant or bettor, without receiving or becoming entitled to receive any profit
25 therefrom other than personal gambling winnings, and without otherwise rendering
26 any material assistance to the establishment, conduct, or operation of the particular
27 gambling activity. A person who engages in "bookmaking" as defined in subsection

1 (2) of this section is not a "player." The status of a "player" shall be a defense to any
2 prosecution under this chapter;

3 (9) "Profiting from gambling activity" -- A person "profits from gambling activity"
4 when, other than as a player, he or she accepts or receives or agrees to accept or
5 receive money or other property pursuant to an agreement or understanding with
6 any person whereby he or she participates or is to participate in the proceeds of
7 gambling activity not authorized by KRS Chapter 230, or 239;

8 (10) "Simulated gambling program" means any method not authorized under KRS
9 Chapter 230, or 239, which is intended to be used by a person playing,
10 participating, or interacting with an electronic device that may, through the
11 application of an element of chance, either deliver money or property or an
12 entitlement to receive money or property; and

13 (11) "Something of value" means any money or property, any token, object, or article
14 exchangeable for money or property, or any form of credit or promise directly or
15 indirectly contemplating transfer of money or property or of any interest therein, or
16 involving extension of a service, entertainment, or a privilege of playing at a game
17 or scheme without charge.

18 ➔Section 38. KRS 528.020 is amended to read as follows:

19 (1) A person is guilty of promoting gambling in the first degree when he or she
20 knowingly advances or profits from unlawful gambling activity not authorized by
21 KRS 230, or 239 by:

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

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

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

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

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

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

5 ➔Section 39. KRS 528.070 is amended to read as follows:

6 (1) A person is guilty of permitting gambling when, having possession or control of
7 premises which he knows are being used to advance gambling activity **not**
8 **authorized under KRS Chapter 230, or 239**, he fails to halt or abate or attempt to
9 halt or abate such use within a reasonable period of time.

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

11 ➔Section 40. KRS 528.080 is amended to read as follows:

12 (1) A person is guilty of possession of a gambling device when, with knowledge of the
13 character thereof, he manufactures, sells, transports, places or possesses a gambling
14 device or conducts or negotiates any transaction affecting or designed to affect
15 ownership, custody or use of any gambling device **not authorized under KRS**
16 **Chapter 230, or 239**, believing that it is to be used in the advancement of unlawful
17 gambling activity.

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

19 ➔Section 41. If any provision of this Act or the application thereof to any person
20 or circumstance is held invalid, the invalidity shall not affect other provisions or
21 applications of the Act that can be given effect without the invalid provision or
22 application, and to this end the provisions of this Act are severable.