

1 AN ACT relating to gaming.

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

3 ➔Section 1. KRS 154A.030 is amended to read as follows:

4 (1) The affairs of the corporation shall be administered by a board of directors  
5 composed of eight (8) members. One (1) member of the board shall be the State  
6 Treasurer, who shall serve on the board in an ex officio capacity. The other seven  
7 (7) members shall be appointed by the Governor, subject to the advice and consent  
8 of the Senate. Members appointed when the Senate is not in session shall serve only  
9 until the next regular session, or special session if such matter is included in the call  
10 therefor of the General Assembly, at which time they shall be subject to  
11 confirmation by the Senate. If the Senate is not in session, the appointments shall be  
12 subject to review by the Interim Joint Committee on State Government which shall  
13 hold a public hearing and shall transmit its recommendations to the Senate. Should  
14 the Senate refuse to confirm a member then he shall forfeit his or her office as of  
15 the date on which the Senate refuses to confirm him or her. Any person not  
16 confirmed by the Senate shall not be reappointed as a member for a period of two  
17 (2) years. Members appointed by the Governor, and confirmed by the Senate, shall  
18 be residents of the Commonwealth of Kentucky and serve a term of four (4) years~~;~~  
19 ~~except that of the initial members appointed, two (2) shall be appointed for one (1)~~  
20 ~~year with the term ending on the twenty-eighth (28th) day of November, 1989; two~~  
21 ~~(2) shall be appointed for two (2) years with the term ending on the twenty-eighth~~  
22 ~~(28th) day of November, 1990; two (2) shall be appointed for three (3) years with~~  
23 ~~the term ending on the twenty-eighth (28th) day of November, 1991; and one (1)~~  
24 ~~shall be appointed for four (4) years with the term ending on the twenty-eighth~~  
25 ~~(28th) day of November, 1992].~~ Members, confirmed by the Senate, may serve  
26 thirty (30) days beyond the end of their respective terms if their successors have not  
27 been appointed and qualified. If the Governor fails to appoint a successor within

1 thirty (30) days of expiration of a member's term, the board shall make the  
2 appointment. No appointed member shall serve more than two (2) consecutive four-  
3 year terms. No more than four (4) of the members appointed by the Governor shall  
4 be from the same political party. Appointed members may be removed by the  
5 Governor for neglect of duty, misfeasance, or nonfeasance in office. The board shall  
6 annually elect a chairman from among its appointed members.

7 (2) (a) No member of the board of directors, by himself or herself or through others,  
8 shall knowingly:

- 9 1. Use or attempt to use his or her influence in any manner which involves  
10 a substantial conflict between his or her personal or private interest and  
11 his or her duties to the corporation;
- 12 2. Use or attempt to use any means to influence the corporation in  
13 derogation of the corporation;
- 14 3. Use his or her official position or office to obtain financial gain for  
15 himself or herself, or any spouse, parent, brother, sister, or child of the  
16 director; or
- 17 4. Use or attempt to use his or her official position to secure or create  
18 privileges, exemptions, advantages, or treatment for himself or herself  
19 or others in derogation of the interests of the corporation or of the  
20 Commonwealth.

21 (b) No director shall appear before the board or the corporation in any manner  
22 other than as a director.

23 (c) A director shall abstain from action on an official decision in which he or she  
24 has or may have a personal or private interest, and shall disclose the existence  
25 of that personal or private interest in writing to each other member of the  
26 board on the same day on which the director becomes aware that the interest  
27 exists or that an official decision may be under consideration by the board.

1           This disclosure shall cause the decision on these matters to be made in a  
2           meeting of the members of the board who do not have the conflict from which  
3           meeting the director shall be absent and from all votes on which matters the  
4           director shall abstain.

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

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

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

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

27           (f) No director shall knowingly receive, directly or indirectly, any interest or

1 profit arising from the use or loan of lottery funds or funds to be raised  
2 through the lottery.

3 (g) No director shall knowingly accept compensation, other than that provided in  
4 this section for directors, for performance of his or her official duties.

5 (h) No present or former director shall, within one (1) year following termination  
6 of his or her membership on the board, accept employment, compensation, or  
7 other economic benefit from any person or business that contracts or does  
8 business with the corporation in matters in which he or she was directly  
9 involved during his or her tenure. This provision shall not prohibit an  
10 individual from continuing in the same business, firm, occupation, or  
11 profession in which he or she was involved prior to becoming a director,  
12 provided that, for a period of one (1) year following termination of his or her  
13 position as a director, he or she personally refrains from working on any  
14 matter in which he or she was directly involved as a director.

15 (i) No director, and no spouse, child, brother, sister, or parent of that director  
16 shall have a financial interest of more than five percent (5%) of the total value  
17 of any vendor, other supplier of goods or services to the corporation, retailer,  
18 or related entity. The corporation shall provide each member of the board with  
19 a list of all current vendors, which shall be updated on at least a quarterly  
20 basis.

21 (3) Appointed members of the board of directors shall be entitled to five thousand  
22 dollars (\$5,000) per year as remuneration for serving on the board, except for the  
23 chairman, who shall receive seven thousand five hundred dollars (\$7,500), and all  
24 members shall be reimbursed for necessary travel and other reasonable expenses  
25 incurred in the performance of their official duties.

26 (4) The board, upon call of the chairman or the president, shall meet at least monthly  
27 for the first eighteen (18) months and bimonthly thereafter and at such other times

1 as the chairman or the president may determine. Four (4) members of the board  
2 shall constitute a quorum. The board shall also meet upon call of three (3) or more  
3 of the voting members of the board. The board shall keep accurate and complete  
4 records of all its meetings.

5 (5) The State Treasurer shall not be compensated for his or her service on the board.

6 (6) The president of the corporation shall be appointed by the Governor subject to  
7 confirmation by the board of directors. Should the board of directors refuse to  
8 confirm the appointment of the president, then the Governor shall submit another  
9 name. The person whose appointment was refused shall not be renamed for  
10 confirmation for a period of two (2) years. The board of directors shall meet within  
11 thirty (30) days of the date the Governor submits the name of a nominee for  
12 president of the corporation and shall, within that time frame, either approve or  
13 reject the nomination. The president of the corporation shall manage the daily  
14 affairs of the corporation and shall have such powers and duties as specified by  
15 KRS 154A.070 and by the board of directors. The president shall not be a member  
16 of the board. The president of the corporation may be removed by the board of  
17 directors.

18 (7) All meetings of the board shall be open unless they may be closed under KRS  
19 61.810 or relate to trade secrets, legally-protectable intellectual property,  
20 confidential proprietary information, the security of the corporation in the operation  
21 of the lottery, or the security of the lottery's retailers.

22 ➔Section 2. KRS 238.520 is amended to read as follows:

23 (1) The Charitable Gaming Advisory Commission is created to be composed of nine (9)  
24 members consisting of:

25 (a) The secretary of the Public Protection Cabinet or his or her designee;

26 (b) The Attorney General or his or her designee;

27 (c) One (1) representative from the Kentucky Commonwealth's Attorneys

- 1 Association;
- 2 (d) One (1) representative from the Kentucky Charitable Gaming Association;
- 3 (e) One (1) certified public accountant;
- 4 (f) One (1) member selected from the public at large;
- 5 (g) One (1) representative selected from the Joint Executive Council of Veterans
- 6 Organizations of Kentucky;
- 7 (h) One (1) representative from Catholic organizations; and
- 8 (i) One (1) representative from Kentucky's volunteer firefighter organizations.

9 The certified public accountant, the one (1) at-large member, and the representatives  
10 from the Kentucky Commonwealth's Attorneys Association and the Kentucky  
11 Charitable Gaming Association shall be appointed by the Governor. The  
12 representative from each of the two (2) associations, the one (1) representative from  
13 the Joint Executive Council of Veterans Organizations of Kentucky, the one (1)  
14 representative from the Catholic organizations, and the one (1) representative from  
15 the volunteer firefighter organizations shall be selected from a list of at least three  
16 (3) names submitted to the Governor by the respective association.

17 (2) ~~Initial appointments to the commission shall be for staggered terms as follows: one~~  
18 ~~(1) member for a term of one (1) year; two (2) members for a term of two (2) years;~~  
19 ~~two (2) members for a term of three (3) years; and two (2) members for a term of~~  
20 ~~four (4) years. Thereafter, ]~~Each member shall be appointed for a term of four (4)  
21 years. No member from the public at large shall be appointed in the same year.  
22 Vacancies shall be filled in the same manner as the original appointment for the  
23 unexpired portion of the term. No member of the commission may serve more than  
24 two (2) full terms.

25 (3) The Charitable Gaming Advisory Commission shall provide ongoing advice and  
26 input to the department and to the General Assembly but shall not become directly  
27 involved in the licensing and regulation of charitable gaming by the department.

1 (4) The commission shall meet quarterly, upon the request of the chair or four (4) of its  
2 members or as otherwise directed by the department. Five (5) members shall  
3 constitute a quorum for conducting business. The commission shall annually elect a  
4 chairman from its membership, and no person elected chairman shall serve more  
5 than two (2) consecutive terms of one (1) year each. Members shall receive no  
6 compensation for serving on the commission, but shall be reimbursed for travel  
7 expenses for attending meetings and performing other official functions, consistent  
8 with state reimbursement policy for state employees.