

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

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 68 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) Occupational license fees levied under KRS 67.083, 68.180, and 68.197 by the*
6 *fiscal court of a county, consolidated local government, urban-county*
7 *government, charter county government, or unified local government may apply*
8 *to racetrack extensions.*

9 *(2) As used in this section:*

10 *(a) "Historical horse race" has the same meaning as in KRS 138.511; and*

11 *(b) 1. "Racetrack extension" means any facility:*

12 *a. Owned, leased, or purchased by an association licensed by the*
13 *Kentucky Horse Racing Commission under KRS 230.300;*

14 *b. That meets the definition of "track" under KRS 230.210(24)(c);*
15 *and*

16 *c. Where pari-mutuel wagering on historical horse races is*
17 *conducted on terminals approved by the Kentucky Horse Racing*
18 *Commission.*

19 *2. "Racetrack extension" does not include a facility or real property used*
20 *for training horses or at which live horse races are run for stakes,*
21 *purses, or prizes under the jurisdiction of the Kentucky Horse Racing*
22 *Commission.*

23 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 91 IS CREATED TO
24 READ AS FOLLOWS:

25 *(1) Occupational license fees levied under KRS 91.200 by the legislative body of a*
26 *city of the first class may apply to racetrack extensions.*

27 *(2) As used in this section:*

1 (a) "Historical horse race" has the same meaning as in KRS 138.511; and

2 (b) 1. "Racetrack extension" means any facility:

3 a. Owned, leased, or purchased by an association licensed by the
 4 Kentucky Horse Racing Commission under KRS 230.300;

5 b. That meets the definition of "track" under KRS 230.210(24)(c);
 6 and

7 c. Where pari-mutuel wagering on historical horse races is
 8 conducted on terminals approved by the Kentucky Horse Racing
 9 Commission.

10 2. "Racetrack extension" does not include a facility or real property used
 11 for training horses or at which live horse races are run for stakes,
 12 purses, or prizes under the jurisdiction of the Kentucky Horse Racing
 13 Commission.

14 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 92 IS CREATED TO
 15 READ AS FOLLOWS:

16 (1) Occupational license fees levied under KRS 92.281 by the legislative body of a
 17 city may apply to racetrack extensions.

18 (2) As used in this section:

19 (a) "Historical horse race" has the same meaning as in KRS 138.511; and

20 (b) 1. "Racetrack extension" means any facility:

21 a. Owned, leased, or purchased by an association licensed by the
 22 Kentucky Horse Racing Commission under KRS 230.300;

23 b. That meets the definition of "track" under KRS 230.210(24)(c);
 24 and

25 c. Where pari-mutuel wagering on historical horse races is
 26 conducted on terminals approved by the Kentucky Horse Racing
 27 Commission.

1 **2. "Racetrack extension" does not include a facility or real property used**
2 **for training horses or at which live horse races are run for stakes,**
3 **purses, or prizes under the jurisdiction of the Kentucky Horse Racing**
4 **Commission.**

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

6 (1) (a) **Before August 1, 2022,** except as provided in paragraph ~~(e)~~~~(d)~~ of this
7 subsection and subsection (3) of this section, an excise tax is imposed on all
8 tracks conducting pari-mutuel wagering on live racing under the jurisdiction
9 of the commission as follows:

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

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

18 (b) **Beginning August 1, 2022, the excise tax imposed on all tracks conducting**
19 **pari-mutuel wagering on live racing under jurisdiction of the commission**
20 **shall be one and one-half percent (1.5%) of all money wagered on live races**
21 **at the track during the fiscal year.**

22 ~~(c)~~ Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting
23 pari-mutuel wagering on historical horse races under the jurisdiction of the
24 commission at a rate of one and one-half percent (1.5%) of all money wagered
25 on historical horse races at the track during the fiscal year.

26 ~~(d)~~~~(e)~~ Money shall be deducted from the tax paid under paragraphs (a), ~~and~~
27 (b), **and (c)** of this subsection and deposited as follows:

1 1. *a. Before August 1, 2022,* an amount equal to three-quarters of one
2 percent (0.75%) of all money wagered on live races and historical
3 horse races at the track for Thoroughbred racing shall be deposited
4 in the Thoroughbred development fund established in KRS
5 230.400; *and*

6 *b. Beginning August 1, 2022, an amount equal to three-quarters of*
7 *one percent (0.75%) of all money wagered on live races and*
8 *historical horse races at the track for Thoroughbred racing shall*
9 *be deposited in the Thoroughbred development fund established*
10 *in KRS 230.400 until forty-five million dollars (\$45,000,000) has*
11 *been deposited during a fiscal year, at which point the amount*
12 *deposited in the fund shall decrease to four-tenths of one percent*
13 *(0.4%) of all money wagered on live and historical horse races at*
14 *the track for Thoroughbred racing for the remainder of the*
15 *fiscal year;*

16 2. *a. Before August 1, 2022,* an amount equal to one percent (1%) of all
17 money wagered on live races and historical horse races at the track
18 for harness racing shall be deposited in the Kentucky standardbred
19 development fund established in KRS 230.770, *Beginning August*
20 *1, 2022, an amount equal to one percent (1%) of all money*
21 *wagered on live races at the track for harness racing shall be*
22 *deposited in the Kentucky standardbred development fund until a*
23 *total of twenty million dollars (\$20,000,000) has been deposited*
24 *during a fiscal year from this subparagraph, at which point the*
25 *amount deposited shall decrease to four-tenths of one percent*
26 *(0.4%) of all money wagered for the remainder of the fiscal year;*
27 *and*

1 **b. Beginning August 1, 2022, an amount equal to one percent (1%)**
 2 **of all money wagered on historical horse races at the track for**
 3 **harness racing shall be distributed in the exact amounts based**
 4 **upon contracts between the parties that have been filed with the**
 5 **commission, but at least one-half (1/2) of the funds shall be**
 6 **deposited into the Kentucky standardbred development fund**
 7 **established in KRS 230.770 until a total of twenty million dollars**
 8 **(\$20,000,000) has been deposited into the Kentucky standardbred**
 9 **development fund during a fiscal year from this subparagraph,**
 10 **at which point the amount deposited in this subdivision shall**
 11 **decrease to four-tenths of one percent (0.4%) of all money**
 12 **wagered for the remainder of the fiscal year. The commission**
 13 **shall provide the department all information necessary from the**
 14 **contracts in order for the funds in this subparagraph to be**
 15 **distributed;**

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

21 4. An amount equal to two-tenths of one percent (0.2%) of all money
 22 wagered on live races and historical horse races at the track shall be **paid**
 23 **out in equal amounts as follows**~~[deposited in the];~~

24 **a. To the** equine industry program trust and revolving fund
 25 established by KRS 230.550 to support the Equine Industry
 26 Program at the University of Louisville, except that the amount
 27 deposited from money wagered on historical horse races in any

1 fiscal year shall not exceed eight hundred fifty thousand dollars
2 (\$850,000); ~~[six hundred fifty thousand dollars (\$650,000)]~~

3 b. To the University of Kentucky for equine industry programs at
4 the university, except that the amount paid from money wagered
5 on historical horse races in any fiscal year shall not exceed four
6 hundred thousand dollars (\$400,000);

7 c. To the Bluegrass Community and Technical College for the
8 provision of equine industry programs by the system, except that
9 the amount paid from money wagered on historical horse races
10 in any fiscal year shall not exceed two hundred fifty thousand
11 dollars (\$250,000);

12 d. Amounts remaining from money wagered on historical horse
13 races in a fiscal year after payments are made in accordance
14 with subdivisions a., b., and c. of this subparagraph shall be
15 distributed in equal amounts to:

16 i. The Kentucky Thoroughbred breeders incentive fund
17 established in KRS 230.800, in an amount not to exceed
18 four hundred thousand dollars (\$400,000); and

19 ii. The Kentucky standardbred breeders incentive fund
20 established in KRS 230.802, in an amount not to exceed
21 one hundred thousand dollars (\$100,000); and

22 e. Any amounts remaining from money wagered on historical
23 horse races in a fiscal year after payments are made in
24 accordance with subdivisions a., b., c., and d. of this
25 subparagraph shall be paid to the general fund;

26 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
27 wagered on live races and historical horse races at the track shall

1 be deposited in a trust and revolving fund to be used for the
2 construction, expansion, or renovation of facilities or the purchase
3 of equipment for equine programs at state universities, except that
4 the amount deposited from money wagered on historical horse
5 races in any fiscal year shall not exceed three hundred twenty
6 thousand dollars (\$320,000).

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

11 c. The Kentucky Council on Postsecondary Education shall serve as
12 the administrative agent and shall establish an advisory committee
13 of interested parties, including all universities with established
14 equine programs, to evaluate proposals and make
15 recommendations for the awarding of funds.

16 d. The Kentucky Council on Postsecondary Education may
17 promulgate administrative regulations to establish procedures for
18 administering the program and criteria for evaluating and awarding
19 grants; and

20 6. An amount equal to one-tenth of one percent (0.1%) of all money
21 wagered on live races and historical horse races shall be distributed to
22 the commission to support equine drug testing as provided in KRS
23 230.265(3), except that the amount deposited from money wagered on
24 historical horse races in any fiscal year shall not exceed three hundred
25 twenty thousand dollars (\$320,000).

26 ~~(e)~~ The excise tax imposed by paragraphs~~[paragraph]~~ (a) and (b) of this
27 subsection shall not apply to pari-mutuel wagering on live harness racing at a

1 county fair.

2 ~~[(e) The excise tax imposed by paragraph (a) of this subsection, and the~~
 3 ~~distributions provided for in paragraph (c) of this subsection, shall apply to~~
 4 ~~money wagered on historical horse races beginning September 1, 2011,~~
 5 ~~through March 31, 2014, and historical horse races shall be considered live~~
 6 ~~racing for purposes of determining the daily average live handle. Beginning~~
 7 ~~April 1, 2014, the tax imposed by paragraph (b) of this subsection shall apply~~
 8 ~~to money wagered on historical horse races.]~~

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

- 11 1. All tracks conducting telephone account wagering;
- 12 2. All tracks participating as receiving tracks in intertrack wagering under
 13 the jurisdiction of the commission; and
- 14 3. All tracks participating as receiving tracks displaying simulcasts and
 15 conducting interstate wagering thereon.

16 (b) 1. Before August 1, 2022, the tax shall be three percent (3%) of all money
 17 wagered on races as provided in paragraph (a) of this subsection during
 18 the fiscal year.

19 2. Beginning August 1, 2022, the tax shall be one and one-half percent
 20 (1.5%) of all money wagered on races as provided in paragraph (a) of
 21 this subsection during the fiscal year.

22 (c) A noncontiguous track facility approved by the commission on or after
 23 January 1, 1999, shall be exempt from the tax imposed under this subsection,
 24 if the facility is established and operated by a licensed track which has a total
 25 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
 26 or less. The amount of money exempted under this paragraph shall be retained
 27 by the noncontiguous track facility, KRS 230.3771 and 230.378

1 notwithstanding.

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

4 1. An amount equal to one percent (1%)~~[two percent (2%)]~~ of the amount
5 wagered shall be deposited as follows:

6 a. In the Thoroughbred development fund established in KRS
7 230.400 if the host track is conducting a Thoroughbred race
8 meeting or the interstate wagering is conducted on a Thoroughbred
9 race meeting;

10 b. In the Kentucky standardbred development fund established in
11 KRS 230.770, if the host track is conducting a harness race
12 meeting or the interstate wagering is conducted on a harness race
13 meeting; or

14 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
15 Arabian development fund established by KRS 230.445, if the host
16 track is conducting a quarter horse, paint horse, Appaloosa, or
17 Arabian horse race meeting or the interstate wagering is conducted
18 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
19 meeting;

20 2. An amount equal to twenty-five thousandths of one percent
21 (0.025%)~~[one twentieth of one percent (0.05%)]~~ of the amount wagered
22 shall be allocated to the equine industry program trust and revolving
23 fund established by KRS 230.550 to be used to support the Equine
24 Industry Program at the University of Louisville;

25 3. An amount equal to one-twentieth of one percent (0.05%)~~[one tenth of~~
26 ~~one percent (0.1%)]~~ of the amount wagered shall be deposited in a trust
27 and revolving fund to be used for the construction, expansion, or

1 renovation of facilities or the purchase of equipment for equine
2 programs at state universities, as detailed in subsection (1)(~~d~~)(~~e~~)5. of
3 this section; and

4 4. An amount equal to one-twentieth of one percent (0.05%)~~one-tenth of~~
5 ~~one percent (0.1%)~~ of the amount wagered shall be distributed to the
6 commission to support equine drug testing as provided in KRS
7 230.265(3).

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

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

14 (b) Amounts wagered at the track on live races conducted at the track during the
15 two (2) day international horse racing event shall not be included in
16 calculating the daily average live handle for purposes of subsection (1) of this
17 section.

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

20 ➔Section 5. KRS 138.513 is amended to read as follows:

21 (1) (a) Beginning August 1, 2014, but before August 1, 2022, an excise tax is
22 imposed on all advance deposit account wagering licensees licensed under
23 KRS 230.260 at a rate of one-half of one percent (0.5%) of all amounts
24 wagered through the licensee by Kentucky residents; and

25 (b) Beginning August 1, 2022, an excise tax is imposed on all advance deposit
26 account wagering licensees licensed under Section 13 of this Act at a rate of
27 one and one-half percent (1.5%) of all amounts wagered through the

1 **licensee by Kentucky residents.**

2 (2) The tax imposed by this section shall be paid, collected, administered, and
3 distributed as provided in KRS 138.530.

4 ➔Section 6. KRS 139.200 is amended to read as follows:

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

7 (1) Retail sales of:

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

10 (b) Digital property regardless of whether:

11 1. The purchaser has the right to permanently use the property;

12 2. The purchaser's right to access or retain the property is not permanent; or

13 3. The purchaser's right of use is conditioned upon continued payment; and

14 (2) The furnishing of the following:

15 (a) The rental of any room or rooms, lodgings, campsites, or accommodations
16 furnished by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds,
17 recreational vehicle parks, or any other place in which rooms, lodgings,
18 campsites, or accommodations are regularly furnished to transients for a
19 consideration. The tax shall not apply to rooms, lodgings, campsites, or
20 accommodations supplied for a continuous period of thirty (30) days or more
21 to a person;

22 (b) Sewer services;

23 (c) The sale of admissions, except:

24 1. Admissions to **enter the grounds or enclosure of any track licensed**
25 **under KRS Chapter 230 at which live horse racing or historical horse**
26 **racing is being conducted under the jurisdiction of the Kentucky**
27 **Horse Racing Commission**~~[racetracks taxed under KRS 138.480];~~

- 1 2. Admissions to historical sites exempt under KRS 139.482;
- 2 3. Admissions taxed under KRS 229.031;
- 3 4. Admissions that are charged by nonprofit educational, charitable, or
- 4 religious institutions and for which an exemption is provided under KRS
- 5 139.495; and
- 6 5. Admissions that are charged by nonprofit civic, governmental, or other
- 7 nonprofit organizations and for which an exemption is provided under
- 8 KRS 139.498;
- 9 (d) Prepaid calling service and prepaid wireless calling service;
- 10 (e) Intrastate, interstate, and international communications services as defined in
- 11 KRS 139.195, except the furnishing of pay telephone service as defined in
- 12 KRS 139.195;
- 13 (f) Distribution, transmission, or transportation services for natural gas that is for
- 14 storage, use, or other consumption in this state, excluding those services
- 15 furnished:
 - 16 1. For natural gas that is classified as residential use as provided in KRS
 - 17 139.470(7); or
 - 18 2. To a seller or reseller of natural gas;
- 19 (g) Landscaping services, including but not limited to:
 - 20 1. Lawn care and maintenance services;
 - 21 2. Tree trimming, pruning, or removal services;
 - 22 3. Landscape design and installation services;
 - 23 4. Landscape care and maintenance services; and
 - 24 5. Snow plowing or removal services;
- 25 (h) Janitorial services, including but not limited to residential and commercial
- 26 cleaning services, and carpet, upholstery, and window cleaning services;
- 27 (i) Small animal veterinary services, excluding veterinary services for equine,

- 1 cattle, poultry, swine, sheep, goats, llamas, alpacas, ratite birds, buffalo, and
 2 cervids;
- 3 (j) Pet care services, including but not limited to grooming and boarding services,
 4 pet sitting services, and pet obedience training services;
- 5 (k) Industrial laundry services, including but not limited to industrial uniform
 6 supply services, protective apparel supply services, and industrial mat and rug
 7 supply services;
- 8 (l) Non-coin-operated laundry and dry cleaning services;
- 9 (m) Linen supply services, including but not limited to table and bed linen supply
 10 services and nonindustrial uniform supply services;
- 11 (n) Indoor skin tanning services, including but not limited to tanning booth or
 12 tanning bed services and spray tanning services;
- 13 (o) Non-medical diet and weight reducing services;
- 14 (p) Limousine services, if a driver is provided; and
- 15 (q) Extended warranty services.

16 ➔Section 7. KRS 137.190 is amended to read as follows:

17 **(1)** The license tax imposed by KRS 137.170, **the license taxes permitted by Sections**
 18 **1, 2, and 3 of this Act**~~[the admission tax imposed by KRS 138.480]~~, and the state
 19 taxes and contributions imposed by KRS 138.510 to 138.550 and KRS 230.380 on
 20 pari-mutuel systems of betting shall be in lieu of all other license, excise, special, or
 21 franchise taxes to the state or any county, city, or other political subdivision.

22 **(2)** **Except for the license taxes permitted by Sections 1, 2, and 3 of this Act,** no
 23 county, city, or other political subdivision may levy any license, income, excise,
 24 special, or franchise tax on any such person or corporation engaged in the business
 25 of conducting a race track at which races are conducted for stakes, purses or prizes,
 26 or operating as a receiving track or simulcast facility, or on the operation or
 27 maintenance of any pari-mutuel machine or similar device, or on the money or

1 amount of money handled by or through any pari-mutuel machine or similar device
2 or on the sale of any merchandise during the conducting of races thereon by any
3 such person or corporation.

4 ➔Section 8. KRS 138.224 is amended to read as follows:

5 It shall be presumed that all untaxed motor fuels are subject to the tax levied under KRS
6 138.220 unless the contrary is established pursuant to KRS 138.210 to 138.448~~[138.490]~~
7 or administrative regulations promulgated thereunder by the department. The tax shall be
8 paid by the licensed dealer to the department. The burden of proving that any motor fuel
9 is not subject to tax shall be upon the dealer or any person who imports, causes to be
10 imported, receives, uses, sells, stores, or possesses untaxed motor fuel in this state. Any
11 dealer or other person who imports, causes to be imported, receives, uses, sells, stores, or
12 possesses untaxed motor fuels but fails to comply with all statutory and regulatory
13 restrictions applicable to the fuel shall be jointly and severally liable for payment of the
14 tax due on the fuel. A person's liability shall not be extinguished until the tax due has
15 been paid to the department.

16 ➔Section 9. KRS 138.226 is amended to read as follows:

17 (1) The department shall administer the taxes provided under KRS 138.210 to 138.448
18 and 138.450 to 138.470~~[138.490]~~, except KRS 138.463 and 138.4631, and may
19 prescribe, adopt, and enforce administrative regulations relating to the
20 administration and enforcement thereof.

21 (2) The department shall, upon the request of the officials to whom are entrusted the
22 enforcement of the motor fuels tax law of any other state, the United States, the
23 provinces of the Dominion of Canada, forward to such officials any information
24 which it may have relative to the manufacture, receipt, sale, use, transportation,
25 shipment or delivery by any person of motor fuels, provided such other state or
26 states provide for the furnishing of like information to this state.

27 ➔Section 10. KRS 138.270 is amended to read as follows:

- 1 (1) (a) From the total number of gallons of gasoline and special fuel received by the
2 dealer within this state during the next preceding calendar month, deductions
3 shall be made for the total number of gallons received by the dealer within this
4 state that were sold or otherwise disposed of during the next preceding
5 calendar month as set forth in subsection (2) of KRS 138.240.
- 6 (b) To cover evaporation, shrinkage, unaccountable losses, collection costs, bad
7 debts, and handling and reporting the tax, each dealer shall be allowed
8 compensation equal to two and one-fourth percent (2.25%) of the net tax due
9 the Commonwealth pursuant to KRS 138.210 to 138.448~~[138.490]~~ before all
10 allowable tax credits, except the credit authorized pursuant to KRS 138.358.
11 No compensation shall be allowed if the completed tax return and payment are
12 not submitted to the department within the time prescribed by KRS 138.210 to
13 138.448~~[138.490]~~.
- 14 (2) The tax imposed by KRS 138.220(1) and (2) shall be computed on the number of
15 gallons remaining after the deductions set forth in subsection (1) of this section
16 have been made, and shall constitute the amount of tax payable for the next
17 preceding calendar month.
- 18 (3) Notwithstanding any other provision of this chapter to the contrary, any person who
19 shall remit to the department, by the twenty-fifth day of the next month, an
20 estimated tax due amount equal to not less than ninety-five percent (95%) of his tax
21 liability, as finally determined for the report month, shall not be required to file the
22 monthly reports required by this chapter until the last day of the month following
23 the report month, and shall be permitted to claim as a credit against the tax liability
24 shown due on the report the estimated tax due amount so paid.
- 25 ➔Section 11. KRS 138.344 is amended to read as follows:
- 26 (1) Except as otherwise provided in KRS 138.220 to 138.448~~[138.490]~~, any person
27 who shall purchase gasoline or special fuel, on which the tax as imposed by KRS

1 138.220 has been paid, for the purpose of operating or propelling stationary engines
 2 or tractors for agricultural purposes, or who shall purchase special fuels, on which
 3 the tax as imposed by KRS 138.220 has been paid, for consumption in unlicensed
 4 vehicles or equipment for nonhighway purposes shall be reimbursed for the tax so
 5 paid on the gasoline or special fuel. No refund shall be authorized unless
 6 applications and all necessary information are filed with the department on a
 7 calendar quarter or calendar year basis on forms and in the manner prescribed by it
 8 for refund of the tax paid on the fuel. In lieu of the tax refund procedure, the tax on
 9 special fuels and the tax on gasoline used for the purpose of operating or propelling
 10 stationary engines or tractors for agricultural purposes may be credited by the dealer
 11 to the purchaser as provided in KRS 138.358. The dealer and the purchases shall be
 12 subject to the same rules, conditions, and responsibilities as provided in KRS
 13 138.344 to 138.355. The tax shall be refunded with interest at the tax interest rate as
 14 defined in KRS 131.010(6).

15 (2) The information to be required from the permit holder, by the department, in order
 16 that the refund may be allowed, shall be as follows:

- 17 (a) Name and address of permit holder permit number
- 18 (b) Total number of gallons purchased and total purchase price (Invoices to
 19 be attached to refund application.)
- 20 (c) Total number of gallons used on highways
- 21 (d) Total number of gallons on which refund is claimed (Line b minus line c.)
- 22 (e) Other information as the department may require to reasonably protect the
 23 revenues of the Commonwealth.

24 ➔Section 12. KRS 138.655 is amended to read as follows:

25 As used in KRS 138.660 to 138.7291 and KRS 138.990(13) *and* (14) ~~and (15)~~, unless
 26 the context requires otherwise:

- 27 (1) "Cabinet" means the Transportation Cabinet;

- 1 (2) "Person" includes every natural person, fiduciary, association, state or political
2 subdivision, or corporation. Whenever used in any clause describing and imposing
3 imprisonment the term "person" as applied to an association means and includes the
4 partners or members thereof, and as applied to a corporation the officers thereof;
- 5 (3) "Public highway" means every way or place generally open to the use of the public
6 as a matter of right for the purpose of vehicular travel notwithstanding that it may
7 be temporarily closed or travel thereon restricted for the purpose of construction,
8 maintenance, repair, or reconstruction; also including all city streets, alleys, and any
9 way or place on which a toll is charged for using such way or place;
- 10 (4) "Motor vehicle" means any vehicle, machine, or mechanical contrivance propelled
11 by an internal combustion engine and licensed for operation and operated upon the
12 public highways and any trailer or semitrailer attached to or having its front end
13 supported by such motor vehicle;
- 14 (5) "Motor carrier" means every person who operates or causes to be operated on any
15 highway in this state, any bus engaged in hauling passengers for hire operating
16 under a certificate of convenience and necessity and any commercial truck or
17 commercial tractor-trailer combination having a total of two (2) or more axles and a
18 declared gross weight above twenty-six thousand (26,000) pounds. The number of
19 axles shall include not only those axles on the power unit but if a tractor-trailer
20 combination is involved, also those axles on the trailer or semitrailer:
- 21 (a) "Axle" means any two (2) or more load-carrying wheels mounted in a single
22 transverse vertical plane;
- 23 (b) "Trailers and semitrailers" are those as defined in subsections (1) and (2) of
24 KRS 186.650, except that it does not include those trailers defined in
25 subsections (3) and (4) of KRS 186.650 and those exempted from regulation
26 under KRS 186.675. The term "motor carrier" shall not mean or shall not
27 include any person operating or causing to be operated a city bus;

- 1 (c) "Commercial" refers to any activity for business purposes;
- 2 (d) For the purposes of KRS 138.660(3) motor carriers, trailers, and semitrailers
3 shall not mean a farm vehicle as defined in KRS 186.050(4) or under another
4 jurisdiction's law as a farm vehicle;
- 5 (6) "City bus" means any motor vehicle used for the transportation of persons for hire
6 exclusively within the limits of any city or within ten (10) miles of its limits over a
7 regular route and exclusively within the boundaries of this state;
- 8 (7) "Heavy equipment motor carrier" means any person who operates on the public
9 highways of this state as a "motor carrier" as defined in subsection (5) of this
10 section, except that it shall not include motor vehicles used to transport persons for
11 hire;
- 12 (8) "Trip permit" means a permit for the operating during a ten (10) consecutive day
13 period of any motor vehicle of any "heavy equipment motor carrier" not licensed
14 under KRS 138.665;
- 15 (9) "Licensee" means for purposes of KRS 138.660 to 138.7291 any person who has
16 been granted a license as a "motor carrier" or a "heavy equipment motor carrier," or
17 any motor vehicle in which a valid trip permit is carried;
- 18 (10) "Use" means the consumption of gasoline and special fuels in propelling motor
19 vehicles on the public highways;
- 20 (11) "Gasoline" has the same meaning as in KRS 138.210;
- 21 (12) "Special fuels" means and includes all combustible gases and liquids used for the
22 generation of power in an internal combustion engine to propel vehicles of any kind
23 upon the public highways, except that it does not include gasoline;
- 24 (13) "Quarterly" for the purposes of KRS 138.660 to 138.7291 means a calendar quarter;
- 25 (14) "Combined licensed weight" shall mean the greater of:
- 26 (a) The declared combined maximum gross weight of the vehicle and any towed
27 unit for registration purposes for the current registration period; or

1 (b) The highest actual combined gross weight of the vehicle and any towed unit
2 when operated on the public highways of the state during the current
3 registration period.

4 ➔Section 13. KRS 138.675 is amended to read as follows:

- 5 (1) If a licensee at any time files a false quarterly report of the information required or
6 fails or refuses to file the quarterly report or to pay the full amount of the tax or
7 violates any other provisions of KRS 138.655 to 138.725, inclusive, without a
8 showing that such failure was due to reasonable cause, the cabinet may cancel his
9 license.
- 10 (2) Upon voluntary surrender of the license certificate or upon receipt of a written
11 request by a licensee, the cabinet may cancel his license, effective sixty (60) days
12 from the date of the request, but no such license shall be canceled upon surrender or
13 request unless the licensee has, prior to the date of cancellation, paid to this state all
14 taxes, penalties, interest and fines that are due or have accrued, and unless the
15 licensee has surrendered to the cabinet his license certificate.
- 16 (3) If upon investigation the cabinet ascertains that any motor carrier or heavy
17 equipment motor carrier to whom a license has been issued is no longer engaged as
18 such and has not been so engaged for a period of six (6) months, the cabinet may
19 cancel such license by giving the motor carrier or heavy equipment motor carrier
20 sixty (60) days' notice of cancellation mailed to his last known address in which
21 event the license certificate shall be surrendered to the cabinet.
- 22 (4) Whenever a licensee ceases to engage in business within this state, he shall notify
23 the cabinet in writing within fifteen (15) days after discontinuance. All taxes that
24 have accrued under KRS 138.655 to 138.725, inclusive, whether or not then due,
25 shall become due and payable concurrently with such discontinuance. The licensee
26 shall make a report and pay all such taxes and any interest and penalties thereon,
27 and shall surrender to the cabinet his license certificate.

1 (5) If the license of a motor carrier or heavy equipment motor carrier is canceled by the
2 cabinet as provided in this section and if the licensee has paid to this state all of the
3 taxes, interest and penalties due under KRS 138.655 to 138.725 and 138.990~~(13)~~
4 and (14)~~and (15)~~, the cabinet shall cancel the bond filed by the licensee.

5 ➔Section 14. KRS 138.990 is amended to read as follows:

6 (1) Any person who violates any provision of KRS 138.140, 138.146, or 138.195 for
7 which a specific penalty is not provided shall be guilty of a violation for the first
8 offense; for each such subsequent offense, he shall be guilty of a Class A
9 misdemeanor. These penalties shall be in addition to the civil penalties provided by
10 KRS 138.165, 138.185, and 138.205.

11 (2) Any person who fails to supply the information required by subsection (8) of KRS
12 138.195 shall be guilty of a violation; for each subsequent offense, he shall be guilty
13 of a Class B misdemeanor. These penalties shall be in addition to any civil penalty
14 provided by KRS 138.165, 138.185, and 138.205.

15 (3) Any person violating subsection (10) of KRS 138.195 or any regulations adopted
16 thereunder shall be guilty of a Class A misdemeanor. This penalty shall be in
17 addition to any civil penalty provided by KRS 138.165, 138.185, and 138.205.

18 (4) Any person who makes a false entry upon any invoices or any record relating to the
19 purchase, possession, transportation, or sale of cigarettes, and presents any such
20 false entry to the department or any of its agents with the intent to avoid any tax
21 imposed by KRS 138.130 to 138.205, shall be guilty of a Class D felony.

22 (5) Any person who shall counterfeit any cigarette tax evidence shall be guilty of a
23 Class D felony.

24 (6) Any person who sells, offers to sell, or uses counterfeit cigarette tax evidence,
25 affixed or unaffixed, with the intention of evading any tax imposed by KRS
26 138.130 to 138.205 shall be guilty of a Class D felony.

27 (7) Any person who fails to remit gasoline or special fuel tax money to the state as

1 provided in KRS 138.280 is guilty of embezzlement of state funds. Embezzlement
2 of state funds, for the first offense, shall be a Class A misdemeanor, and for the
3 second offense, shall be a Class D felony.

4 (8) Any person who violates any of the provisions of KRS 138.300 shall be guilty of a
5 Class A misdemeanor. This penalty shall be in addition to the penalty provided in
6 subsection (7) of this section.

7 (9) Any person who violates KRS 138.310 shall be guilty of a Class A misdemeanor.
8 Each day or part of a day of doing business as a dealer without an uncanceled
9 license shall be a separate offense.

10 (10) (a) Any person who willfully and fraudulently gives a false statement as to the
11 total and actual consideration paid for a motor vehicle under KRS 138.450
12 shall be guilty of a Class D felony and shall be fined not less than two
13 thousand dollars (\$2,000) per offense.

14 (b) Any person who violates any of the other provisions of KRS 138.460 to
15 138.470 shall be fined not less than twenty-five dollars (\$25) nor more than
16 one thousand dollars (\$1,000) and if the offender is an individual, he shall be
17 guilty of a Class A misdemeanor.

18 ~~(11) Any person who violates any of the provisions of KRS 138.480 or 138.490 shall be~~
19 ~~guilty of a Class B misdemeanor.~~

20 ~~(12)~~ If any offender under the provisions of subsections (1) to (9)~~, (11)~~ or (15)~~(16)~~ of
21 this section is a corporation, the principal officer or the officer directly responsible
22 for the violation, or both, may be imprisoned as provided in those subsections.

23 (12)~~(13)~~ Any person who violates any provision of subsection (1) of KRS 138.354,
24 whether or not his permit has been revoked, shall be guilty of a Class A
25 misdemeanor.

26 (13)~~(14)~~ Any person violating any provision of KRS 138.655 to 138.725 is guilty of a
27 Class A misdemeanor.

1 ~~(14)~~~~(15)~~ In addition to the penalties provided in subsection (13) of this section ~~KRS~~
2 ~~138.990(14)~~, the motor vehicle or vehicles of any person violating any provision of
3 KRS 138.720 shall be subject to seizure by any officer duly authorized to enforce
4 the provisions of KRS 138.655 to 138.725.

5 ~~(15)~~~~(16)~~ Any person violating KRS 138.175 shall be guilty of a Class D felony.

6 ~~(16)~~~~(17)~~ Any person who intentionally evades payment of the tax imposed by KRS
7 138.460 or 138.463 shall be liable for the taxes evaded, with applicable interest and
8 penalties, and in addition shall be guilty of:

- 9 (a) A Class B misdemeanor if the amount of tax evaded is two hundred fifty
10 dollars (\$250) or less; and
11 (b) A Class A misdemeanor if the amount of tax evaded is greater than two
12 hundred fifty dollars (\$250).

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

- 14 (1) In addition to the employees referred to in KRS 230.230, the executive director of
15 the racing commission may employ, dismiss, or take other personnel action and
16 determine the reasonable compensation of stewards, supervisors of mutuels,
17 veterinarians, inspectors, accountants, security officers, and other employees
18 deemed by the executive director to be essential at or in connection with any horse
19 race meeting and in the best interest of racing. Three (3) Thoroughbred stewards
20 shall be employed at each Thoroughbred race meeting. Two (2) stewards shall be
21 employed and compensated by the Commonwealth, subject to reimbursement by the
22 racing associations pursuant to subsection (3) of this section. One (1) Thoroughbred
23 steward shall be employed and compensated by the racing association hosting the
24 race meeting. Three (3) standardbred judges shall be employed at each standardbred
25 race meeting. Two (2) standardbred judges shall be employed and compensated by
26 the Commonwealth, subject to reimbursement by the racing associations pursuant to
27 subsection (3) of this section. One (1) standardbred judge shall be employed and

1 compensated by the racing association hosting the race meeting. The security
2 officers shall be peace officers and conservators of the peace on racing commission
3 property and at all race tracks and grounds in the Commonwealth and shall possess
4 all the common law and statutory powers and privileges now available or hereafter
5 made available to sheriffs, constables, and police officers for the purpose of
6 enforcing all laws relating directly or indirectly to the conduct of horse racing and
7 pari-mutuel wagering thereon, or the enforcement of laws relating to the protection
8 of persons or property on premises licensed by the racing commission. The racing
9 commission, for the purpose of maintaining integrity and honesty in racing, shall
10 prescribe by administrative regulation the powers and duties of the persons
11 employed under this section and qualifications necessary to competently perform
12 their duties. In addition, the racing commission shall be responsible for seeing that
13 racing officials employed under the provisions of this section have adequate training
14 to perform their duties in a competent manner.

15 (2) The racing commission shall promulgate administrative regulations for effectively
16 preventing the use of improper devices, and restricting or prohibiting the use and
17 administration of drugs or stimulants or other improper acts to horses prior to the
18 horse participating in a race. The racing commission may acquire, operate, and
19 maintain, or contract for the maintenance and operation of, a testing laboratory and
20 related facilities, for the purpose of saliva, urine, or other tests, and to purchase
21 supplies and equipment for and in connection with the laboratory or testing
22 processes. The expense of the laboratory or other testing processes, whether
23 furnished by contract or otherwise, together with all supplies and equipment used in
24 connection therewith, shall be paid by the various associations licensed under this
25 chapter in the manner and in proportions as the racing commission shall by
26 administrative regulation provide.

27 (3) The expenses of the commission and the compensation of all~~the~~ employees

1 referred to in this section shall be paid by the licensee conducting ~~a~~the horse race
2 meeting *or pari-mutuel wagering on live or historic horse racing*~~[in connection~~
3 ~~with which the employees are utilized or employed]~~. The salary of the executive
4 director to the racing commission shall be prorated among and paid by the various
5 associations licensed under this chapter in the manner as the racing commission
6 shall, by administrative regulation, provide. Except for the Thoroughbred steward
7 and the standardbred judge authorized in subsection (1) of this section, the
8 employees referred to in this section shall be deemed employees of the racing
9 commission, and are paid by the licensee or association~~[for convenience only]~~.

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

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

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

18 (1) The racing commission is vested with jurisdiction and supervision over all horse
19 race meetings in this Commonwealth and over all associations and all persons on
20 association grounds and may eject or exclude therefrom or any part thereof, any
21 person, licensed or unlicensed, whose conduct or reputation is such that his
22 presence on association grounds may, in the opinion of the racing commission,
23 reflect on the honesty and integrity of horse racing or interfere with the orderly
24 conduct of horse racing or racing at horse race meetings; provided, however, no
25 persons shall be excluded or ejected from association grounds solely on the ground
26 of race, color, creed, national origin, ancestry, or sex;

27 (2) The racing commission is vested with jurisdiction over any person or entity that

1 offers advance deposit account wagering to Kentucky residents. Any such person or
2 entity under the jurisdiction of the racing commission shall be licensed by the racing
3 commission, and the racing commission may impose a license fee not to exceed ten
4 thousand dollars (\$10,000) annually. The racing commission shall, by
5 administrative regulation promulgated in accordance with KRS Chapter 13A,
6 establish conditions and procedures for the licensing of advance deposit account
7 wagering providers to include but not be limited to:

- 8 (a) A fee schedule for applications for licensure; and
9 (b) Reporting requirements to include quarterly reporting on:
10 1. The amount wagered on Kentucky races; and
11 2. The total amount wagered by Kentuckians;
- 12 (3) The racing commission is vested with jurisdiction over any totalisator company that
13 provides totalisator services to a racing association located in the Commonwealth.
14 A totalisator company under the jurisdiction of the racing commission shall be
15 licensed by the racing commission, regardless of whether a totalisator company is
16 located in the Commonwealth or operates from a location or locations outside of the
17 Commonwealth, and the racing commission may impose a license fee on a
18 totalisator company. The racing commission shall, by administrative regulation
19 promulgated in accordance with KRS Chapter 13A, establish conditions and
20 procedures for the licensing of totalisator companies, and a fee schedule for
21 applications for licensure;
- 22 (4) The racing commission is vested with jurisdiction over any manufacturer,
23 wholesaler, distributor, or vendor of any equine drug, medication, therapeutic
24 substance, or metabolic derivative which is purchased by or delivered to a licensee
25 or other person participating in Kentucky horse racing by means of the Internet,
26 mail delivery, in-person delivery, or other means;
- 27 (5) The racing commission is vested with jurisdiction over any horse training center or

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

1 of purse money, or any combination thereof with regard to a licensee or other
2 person participating in Kentucky horse racing for violation of any federal or state
3 statute, regulation, or steward's or racing commission's directive, ruling, or order to
4 preserve the integrity of Kentucky horse racing or to protect the racing public. The
5 racing commission shall, by administrative regulation, establish the criteria for
6 taking the actions described in this subsection;

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

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

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

21 (15) (a) The racing commission shall promulgate administrative regulations
22 establishing a self-exclusion list for individuals who self-identify as being
23 problem or compulsive gamblers.

24 (b) Each racing association shall display a notice to the public of the self-
25 exclusion list and the method or methods individuals may use to self-
26 identify at the track, online, or by phone.

27 (c) Self-exclusion information collected by each racing association shall be

1 *forwarded to the racing commission, and the information from the racing*
 2 *associations shall be compiled into a comprehensive list that shall be*
 3 *provided to all racing associations.*

4 *(d) Pursuant to KRS 61.878(1)(a), information collected under this subsection*
 5 *shall be excluded from the application of KRS 61.870 to 61.884.*

6 ➔Section 17. KRS 230.360 is amended to read as follows:

7 *(1)* The provisions of this chapter are intended to be statewide and exclusive in their
 8 effect and no city, county, or other political subdivision of state government shall
 9 have the power or authority to make or enforce any local laws, ordinances, or
 10 regulations on the subject of horse race meetings.

11 *(2)* Any person licensed under KRS 230.300 shall continue to pay, or be responsible for
 12 the payment of, all:

13 *(a)* State taxes presently imposed by law, including but without limitation, license
 14 taxes imposed under KRS 137.170 to 137.190~~[,]~~ and ~~[KRS]137.990~~~~[together~~
 15 ~~with admission taxes imposed by KRS 138.480], [and]~~ the pari-mutuel taxes
 16 imposed by KRS 138.510 to 138.550, and all state ***ad valorem taxes; and***

17 *(b)* ~~[, as well as]~~Local~~[,]~~ ad valorem taxes ***and the license taxes when levied as***
 18 *permitted by Sections 1, 2, and 3 of this Act.*

19 *(3)* ~~[; provided, however,]~~No tax shall be imposed by the state or any subdivision
 20 thereof upon, or measured by, that portion of the excise tax imposed upon pari-
 21 mutuel betting at running and trotting horse race tracks which is collected and
 22 retained by the operators thereof under the provisions of KRS 138.510 to 138.550,
 23 both inclusive.

24 ➔Section 18. KRS 230.3615 is amended to read as follows:

25 (1) The commission, including the tax levied in KRS 138.510, deducted from the gross
 26 amount wagered by the association which operates a race track under the
 27 jurisdiction of the Kentucky Horse Racing Commission and conducts the

1 Thoroughbred racing at which betting is conducted through a pari-mutuel or other
2 similar system, in races where the patron is required to select one (1) horse, and the
3 breaks, which breaks shall be made and calculated to the penny, except on races
4 previously run in which the breaks shall be made and calculated to the penny or
5 retained in the pari-mutuel pools,~~dime, shall not be more than sixteen percent~~
6 ~~(16%) at the discretion of those tracks averaging over one million two hundred~~
7 ~~thousand dollars (\$1,200,000) in on track pari-mutuel handle per day of live racing~~
8 ~~conducted by the association. The commission at those tracks averaging one million~~
9 ~~two hundred thousand dollars (\$1,200,000) or less in on track pari-mutuel handle~~
10 ~~per day of live racing conducted by the association, at the discretion of such track,]~~
11 shall not be more than seventeen and one-half percent (17.5%) ~~in races where the~~
12 ~~patron is required to select one (1) horse, and the breaks, which breaks shall be~~
13 ~~made and calculated to the dime].~~

14 (2) The commission ~~at those tracks averaging over one million two hundred thousand~~
15 ~~dollars (\$1,200,000) in on track pari-mutuel handle per day of live racing conducted~~
16 ~~by the association], including the tax levied in KRS 138.510, deducted from the~~
17 ~~gross amount wagered by the person, corporation, or association which operates a~~
18 ~~race track under the jurisdiction of the Kentucky Horse Racing Commission and~~
19 ~~conducts Thoroughbred racing at which betting is conducted through a pari-mutuel~~
20 ~~or other similar system shall not exceed~~~~nineteen percent (19%) of the gross handle~~
21 ~~in races where the patron is required to select two (2) or more horses, and the~~
22 ~~breaks, which breaks shall be made and calculated to the dime. The commission, at~~
23 ~~those tracks averaging one million two hundred thousand dollars (\$1,200,000) or~~
24 ~~less in on track pari-mutuel handle per day of live racing conducted by the~~
25 ~~association, including the tax levied in KRS 138.510, deducted from the gross~~
26 ~~amount wagered by the association which operates a race track under the~~
27 ~~jurisdiction of the Kentucky Horse Racing Commission and conducts Thoroughbred~~

1 racing at which betting is conducted through a pari-mutuel or other similar system
2 shall not exceed] twenty-two percent (22%) of the gross handle in races where the
3 patron is required to select two (2) or more horses, and the breaks, which breaks
4 shall be made and calculated to the penny, except on races previously run in which
5 the breaks shall be made and calculated to the penny or retained in the pari-
6 mutuel pools[dime].

7 (3) The minimum wager to be accepted by any licensed association shall be ten cents
8 (\$0.10). The minimum pay-off on a one dollar (\$1) wager shall be one dollar and
9 ten cents (\$1.10); but, in the event of a minus pool, the minimum pay-off for a one
10 dollar (\$1) wager shall be one dollar and five cents (\$1.05).

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

16 ➔Section 19. KRS 230.378 is amended to read as follows:

17 (1) A receiving track may accept wagers only at the track where it is licensed to
18 conduct its race meeting or conduct intertrack wagering. A receiving track may
19 accept wagers through a telephone account wagering system. Wagers at a receiving
20 track, simulcast facility, or on telephone account wagering shall form a common
21 pool with wagers at a host track. This common pool requirement shall not apply to
22 wagers made in connection with interstate simulcasting pursuant to KRS 230.3771;
23 however, common pools shall be encouraged.

24 (2) Except as provided in KRS 230.3771(2), the commission of a receiving track,
25 simulcast facility, or on telephone account wagering shall be the same as the
26 commission of the host track as determined in KRS 230.3615 or 230.750.

27 (3) In the absence of a valid contract with a horsemen's organization, the commission of

1 a receiving track, after deduction of applicable taxes and other applicable
2 deductions, shall be split as follows: twenty-two percent (22%) to the host track,
3 twenty-two percent (22%) to the purse program at the host track, twenty-two
4 percent (22%) to the receiving track and twenty-two percent (22%) to the purse
5 program at the receiving track. Twelve percent (12%) of the commission shall be
6 allocated evenly between the host track and the receiving track to cover the cost of
7 simulcasting, unless otherwise agreed to by contract.

8 (4) The deduction for the backside improvement fund, as provided for in KRS
9 230.3615(4) shall not apply to the commission or pari-mutuel tax of a receiving
10 track or telephone account wagering.

11 (5) A receiving track shall be exempt from ~~the admissions tax levied in KRS 138.480~~
12 ~~and from~~ any license fee imposed by statute or regulation by the racing
13 commission.

14 ➔Section 20. KRS 230.380 is amended to read as follows:

15 (1) Any track licensed by the racing commission to conduct horse racing and desiring to
16 establish a simulcast facility shall apply for and may receive approval from the
17 racing commission for each simulcast facility. Prior to considering an application
18 for approval of a simulcast facility, the racing commission shall notify by regular
19 mail, each state senator, state representative, county judge/executive, and mayor in
20 the jurisdiction in which the proposed simulcast facility is located, at least ten (10)
21 days in advance of the racing commission meeting at which the application is to be
22 considered or voted upon. Consideration of an application shall be based on criteria
23 contained in administrative regulations promulgated under KRS 230.300. Approval,
24 if granted, shall be granted for a term of one (1) calendar year.

25 (2) A track or tracks may proceed with the establishment of a simulcast facility unless,
26 within sixty (60) days of the date on which the racing commission approved the
27 facility, the governing body of the local government jurisdiction in which the

1 facility is to be located votes, by simple majority of those voting, to disapprove the
2 establishment of the simulcast facility. For the purposes of this section, "governing
3 body" means, in an incorporated area, the board of aldermen, city council or board
4 of commissioners; in a county, the fiscal court; in an urban-county government, the
5 urban-county council, or in a charter county, the legislative body created in
6 accordance with KRS 67.825 to 67.875.

7 (3) The racing commission shall not approve the establishment of any simulcast facility
8 within a radius of fifty (50) miles of a licensed track. The racing commission may
9 approve the establishment of one (1) simulcast facility within a radius of greater
10 than fifty (50) miles but less than seventy-five (75) miles of a licensed track, but the
11 facility shall not be approved to operate without the prior written consent of the
12 licensed track within whose seventy-five (75) mile radius the facility is located.

13 (4) The racing commission may promulgate administrative regulations as it deems
14 appropriate to protect the integrity of pari-mutuel wagering at any simulcast facility.

15 (5) Licensed tracks conducting horse racing may enter into joint agreements to establish
16 or operate one (1) or more simulcast facilities, on terms and conditions as the
17 participating tracks may determine. Any agreements respecting these arrangements
18 shall be filed with the racing commission, and applications for simulcast facilities
19 shall be filed by and licenses may be issued to, these licensed tracks by the racing
20 commission.

21 (6) A simulcast facility may be established and operated on property that is owned or
22 leased and which is not used solely for the operation of a simulcast facility;
23 provided however, that a simulcast facility may not be established on the premises
24 of a lottery vendor.

25 (7) A simulcast facility shall not be subject to and shall not pay any excise tax imposed
26 pursuant to KRS 138.510, or any license tax imposed under KRS 137.170~~, or any~~
27 ~~admission tax imposed under KRS 138.480~~.

- 1 (8) One percent (1%) of all moneys wagered at a simulcast facility shall be dedicated
2 for local economic development and shall be allocated as follows:
- 3 (a) If a simulcast facility is located in an incorporated area, seventy-five percent
4 (75%) shall be allocated to the governing body of the city in which the facility
5 is located, and twenty-five percent (25%) to the governing body of the county
6 in which the facility is located.
- 7 (b) If a simulcast facility is located in an unincorporated area, all moneys shall be
8 allocated to the governing body of the county or charter county in which the
9 facility is located.
- 10 (9) (a) After the deduction of moneys under subsection (8), simulcast facility shall
11 deduct a commission allowed under KRS 230.3615 with respect to all wagers
12 made at the simulcast facility. The commission, less moneys allocated in
13 subsection (8) of this section, shall be split as follows:
- 14 1. Thirty percent (30%) shall be allocated to the host track;
- 15 2. Forty-six and one-half percent (46.5%) to the purse program at the host
16 track;
- 17 3. Thirteen and one-half percent (13.5%) to be retained by the track or
18 tracks owning the simulcast facility for the purpose of application to
19 expenses incurred in connection therewith;
- 20 4. Six percent (6%) to be allocated to the Kentucky Thoroughbred Owners
21 and Breeders, Inc., to be expended as follows:
- 22 a. Up to three percent (3%) for capital improvements and promotion
23 of off-track betting; and
- 24 b. The remainder for marketing and promoting the Kentucky
25 Thoroughbred industry; and
- 26 5. Four percent (4%) to be allocated to the racing commission to be used
27 for purses at county fairs in Kentucky licensed and approved by the

1 racing commission, and for the standardbred sires stakes program
2 established under KRS 230.770.

3 (b) The commission of a simulcast facility derived from interstate wagering shall
4 be reduced by any amounts required to be paid by contract to the host track or
5 track conducting the live race before it is divided as set forth in this section.
6 No simulcast facility may receive any interstate simulcast except with the
7 approval of the live Kentucky host track.

8 (c) The Kentucky Thoroughbred Owners and Breeders, Inc., shall annually report
9 to the racing commission on all money expended in accordance with
10 subsection (9)(a)4. of this section. The report shall be in the form required,
11 and provide all information required by the racing commission.

12 (10) Subsections (1) and (2) of this section shall also apply to the establishment by a
13 track of a noncontiguous facility in a county in which pari-mutuel racing and
14 wagering is not being conducted. Subsection (8) of this section shall also apply to a
15 noncontiguous race track facility referenced in this subsection, unless there is a
16 written agreement to the contrary between the track establishing the facility and the
17 governing body of the local government jurisdiction in which the facility is to be
18 established.

19 ➔Section 21. KRS 230.400 is amended to read as follows:

20 (1) There is hereby created a trust and revolving fund for the Kentucky Horse Racing
21 Commission, designated as the Kentucky Thoroughbred development fund,
22 consisting of money allocated to the fund under the provisions of KRS 138.510,
23 together with other money contributed to or allocated to the fund from all other
24 sources. Money to the credit of the Kentucky Thoroughbred development fund shall
25 be distributed by the Treasurer for the purposes of this section upon authorization of
26 the Kentucky Horse Racing Commission and upon approval of the secretary of the
27 Finance and Administration Cabinet. Money from the Kentucky Thoroughbred

1 development fund shall be allocated to each licensed association in an amount equal
2 to the amount the association contributed to the fund. Money to the credit of the
3 Kentucky Thoroughbred development fund at the end of each fiscal year shall not
4 lapse, but shall be carried forward in such fund to the succeeding fiscal year.

5 (2) There is hereby established, under the general jurisdiction of the Kentucky Horse
6 Racing Commission, a Kentucky Thoroughbred Development Fund Advisory
7 Committee. The advisory committee shall consist of five (5) members, all of whom
8 shall be residents of Kentucky, to be appointed by the chairman of the Kentucky
9 Horse Racing Commission by July 1 of each year. The committee shall consist of
10 two (2) Thoroughbred breeders recommended by the Kentucky Thoroughbred
11 Owners and Breeders, Inc.; one (1) Thoroughbred owner recommended by the
12 Kentucky division of the Horsemen's Benevolent and Protective Association; one
13 (1) officer or director of a licensed association conducting Thoroughbred racing in
14 Kentucky, recommended by action of all of the licensed associations conducting
15 Thoroughbred racing in Kentucky; and one (1) member of the Kentucky Horse
16 Racing Commission. If any member other than the racing commission member has
17 not been recommended for appointment by July 1 of each year, the chairman of the
18 Kentucky Horse Racing Commission shall make an appointment for the
19 organization or organizations failing to recommend a member of the committee.
20 The members of the advisory committee shall serve without compensation, but shall
21 be entitled to reimbursement for all expenses incurred in the discharge of official
22 business. The advisory committee shall select from its membership annually a
23 chairman and a vice chairman.

24 (3) (a) The Kentucky Thoroughbred Development Fund Committee shall advise and
25 assist the Kentucky Horse Racing Commission in the development of the
26 supplemental purse program provided herein for Kentucky-bred
27 Thoroughbreds, shall make recommendations to the racing commission from

1 time to time with respect to the establishment of guidelines, administrative
2 regulations for the provision of supplemental purses, the amount thereof, the
3 races for which the purses are to be provided and the conditions thereof,
4 manner and method of payment of supplemental purses, registry of
5 Thoroughbred stallions standing within the Commonwealth of Kentucky,
6 registry of Kentucky-bred Thoroughbreds for purposes of this section, nature
7 and type of forms and reports to be employed and required in connection with
8 the establishment, provision for, award and payment of supplemental purses,
9 and with respect to all other matters necessary in connection with the carrying
10 out of the intent and purposes of this section.

11 (b) The Kentucky Horse Racing Commission shall employ qualified personnel as
12 may be required to assist the racing commission and the advisory committee
13 in carrying out the provisions of this section. These persons shall serve at the
14 pleasure of the racing commission and compensation for these personnel shall
15 be fixed by the racing commission. The compensation of these personnel and
16 the necessary expenses incurred by the racing commission or by the
17 committee in carrying out the provisions of this section shall be paid out of the
18 Kentucky Thoroughbred development fund.

19 (4) The Kentucky Horse Racing Commission, with the advice and assistance of the
20 Kentucky Thoroughbred Development Fund Advisory Committee, shall use the
21 Kentucky Thoroughbred development fund to promote, enhance, improve, and
22 encourage the further and continued development of the Thoroughbred breeding
23 industry in Kentucky by providing, out of the Kentucky Thoroughbred development
24 fund, supplemental purses for designated stakes, handicap, allowance, nonclaiming
25 maiden races, and~~[allowance optional]~~ claiming races~~[for a claiming price of not~~
26 ~~less than twenty five thousand dollars (\$25,000)]~~ contested at licensed
27 Thoroughbred race meetings in Kentucky. The Kentucky Horse Racing

1 Commission shall, by administrative regulation promulgated in accordance with
2 KRS Chapter 13A, establish the requirements, conditions, and procedures for
3 awarding and payment of supplemental purses in designated races by Kentucky-
4 bred Thoroughbred horses. That portion of the supplemental purse provided for any
5 designated race shall be awarded and paid to the owner of the horse only if the horse
6 is a Kentucky-bred Thoroughbred duly registered with the official registrar. Any
7 portion of the supplemental purse which is not awarded and paid over shall be
8 returned to the Kentucky Thoroughbred development fund.

9 (5) (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall
10 mean and include only a Thoroughbred stallion standing the entire breeding
11 season in Kentucky and registered as a Kentucky Thoroughbred stallion with
12 the official registrar of the Kentucky Thoroughbred development fund.

13 (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term
14 "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and
15 include only Thoroughbred horses sired by Kentucky Thoroughbred stallions
16 foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the
17 official registrar of the Kentucky Thoroughbred development fund.

18 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a
19 Kentucky-bred Thoroughbred for purposes of this section if the horse was
20 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud
21 within Kentucky at the time of conception of such Thoroughbred, provided
22 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with
23 the official registrar of the Kentucky Thoroughbred development fund.

24 (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to
25 demand, claim, and receive a portion of a supplemental purse provided by the
26 Kentucky Thoroughbred development fund, the Thoroughbred horse in a
27 designated race for which a supplemental purse has been provided by the

1 Kentucky Thoroughbred development fund must have been duly registered as
2 a Kentucky-bred Thoroughbred with the official registrar of the Kentucky
3 Thoroughbred development fund prior to entry in the race.

4 (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and
5 designated as the sole official registrar of the Kentucky Thoroughbred
6 development fund for the purposes of registering Kentucky Thoroughbred
7 stallions and Kentucky-bred Thoroughbreds in accordance with the terms of
8 this section and any administrative regulations promulgated by the Kentucky
9 Horse Racing Commission. When a Kentucky-bred Thoroughbred is
10 registered with the official registrar, the registrar shall be authorized to stamp
11 the Jockey Club certificate issued for the Thoroughbred with the seal of the
12 registrar, certifying that the Thoroughbred is a duly qualified and registered
13 Kentucky-bred Thoroughbred for purposes of this section. The registrar may
14 establish and charge, with the approval of the racing commission, reasonable
15 registration fees for its services in the registration of Kentucky Thoroughbred
16 stallions and in the registration of Kentucky-bred Thoroughbreds. Registration
17 records of the registrar shall be public records and open to public inspection at
18 all normal business hours and times.

19 (b) Any interested party aggrieved by the failure or refusal of the official registrar
20 to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-
21 bred Thoroughbred shall have the right to file with the racing commission,
22 within thirty (30) days of such failure or refusal of the registrar, a petition
23 seeking registration of the Thoroughbred. The racing commission shall
24 promptly hear the matter de novo and issue its order directing the official
25 registrar to register or not to register as it may be determined by the racing
26 commission.

27 (7) The Kentucky Horse Racing Commission shall promulgate administrative

1 regulations as may be necessary to carry out the provisions and purposes of this
2 section, including the promulgation of administrative regulations and forms as may
3 be appropriate for the proper registration of Kentucky stallions and Kentucky-bred
4 Thoroughbreds with the official registrar, and shall administer the Kentucky-bred
5 Thoroughbred program created hereby in a manner best designed to promote and
6 aid in the further development of the Thoroughbred breeding industry in Kentucky,
7 to upgrade the quality of Thoroughbred racing in Kentucky, and to improve the
8 quality of Thoroughbred horses bred in Kentucky.

9 ➔Section 22. KRS 230.550 is amended to read as follows:

- 10 (1) There is hereby established an Equine Industry Program at the University of
11 Louisville, under the general control and direction of the university. The purpose of
12 the Equine Industry Program is to provide training and educational opportunities in
13 the horse racing industry relating to, but not limited to, finance, management,
14 marketing, regulation and administration aspects of the horse racing industry, in
15 accordance with the industry needs as determined by the university.
- 16 (2) There is hereby created a trust and revolving fund for~~the~~ equine industry
17 programs at the University of Louisville, the University of Kentucky, and the
18 Bluegrass Community and Technical College~~Program~~, consisting of money
19 allocated to the fund together with money as may be contributed to the fund from all
20 other sources. Money to the credit of the~~Equine Industry Program~~ fund at the end
21 of each fiscal year shall not lapse but shall be carried forward to the succeeding
22 fiscal year~~. Money from the Equine Industry Program fund shall be administered by~~
23 ~~the University of Louisville and shall be allocated for the funding of the Equine~~
24 ~~Industry Program~~.
- 25 (3) The University of Louisville shall utilize personnel and facilities of the University
26 of Kentucky and the Bluegrass Community and Technical College when
27 appropriate for assistance in any cooperative undertakings the University of

1 Louisville may wish to enter into with the University of Kentucky or the Bluegrass
2 Community and Technical College relating to the Equine Industry Program.

3 ➔Section 23. KRS 230.750 is amended to read as follows:

4 The commission, including the tax levied in KRS 138.510, deducted from the gross
5 amount wagered by the person, corporation, or association which operates a harness horse
6 track under the jurisdiction of the racing commission at which betting is conducted
7 through a pari-mutuel or other similar system shall not exceed eighteen percent (18%) of
8 the gross amount handled on straight wagering pools and twenty-five percent (25%) of
9 the gross amount handled on multiple wagering pools, plus the breaks, which shall be
10 made and calculated to the penny, except on races previously run in which the breaks
11 shall be made and calculated to the penny or retained in the pari-mutuel pools~~[dime].~~

12 Multiple wagering pools shall include daily double, perfecta, double perfecta, quinella,
13 double quinella, trifecta, and other types of exotic betting. An amount equal to three
14 percent (3%) of the total amount wagered and included in the commission of a harness
15 host track shall be allocated by the harness host track in the following manner. Two
16 percent (2%) shall be allocated to the host for capital improvements, promotions,
17 including advertising, or purses, as the host track shall elect. Three-quarters of one
18 percent (3/4 of 1%) shall be allocated to overnight purses. One-quarter of one percent (1/4
19 of 1%) shall be allocated to the Kentucky standardbred development fund. This allocation
20 shall be made after deduction from the commission of the pari-mutuel tax but prior to any
21 other deduction, allocation or division of the commission.

22 ➔Section 24. KRS 230.781 is amended to read as follows:

23 Except as otherwise provided in KRS 230.779(7), the operator of a hub shall not be
24 subject to any fee or tax imposed on racetracks or simulcast facilities under KRS
25 137.170~~[, 138.480]~~, 138.510, or Chapter 230 for the hub operator's wagering and
26 simulcast operations established under KRS 230.775 to 230.785.

27 ➔Section 25. KRS 230.783 is amended to read as follows:

- 1 (1) Any wager that is made for an account maintained with the hub operator shall be
2 considered to have been made in the Commonwealth of Kentucky.
- 3 (2) Account holders may communicate instructions concerning account wagers to the
4 hub only by telephonic or other electronic means.
- 5 (3) None of the following wagers shall be processed through a hub:
- 6 (a) A wager on live racing accepted by a track;
- 7 (b) A telephone account wager accepted by a track;
- 8 (c) An intertrack wager accepted by a receiving track or simulcast facility; or
- 9 (d) An interstate wager accepted by a receiving track or simulcast facility.
- 10 (4) Any hub that processes any of the wagers delineated in subsection (3) of this section
11 from a track, receiving track, or simulcast facility shall be subject to revocation of
12 its hub license.
- 13 (5) Except as provided in KRS 230.752, nothing in KRS 230.775 to 230.785 shall
14 exempt racetracks or simulcast facilities from any taxes imposed under KRS
15 137.170~~[, 138.480]~~, 138.510, or Chapter 230.
- 16 ➔Section 26. The following KRS sections are repealed:
- 17 138.480 State tax on race track admissions.
- 18 138.490 Report and payment of tax -- Civil penalty.
- 19 230.555 Equine Industry Advisory Commission.