

1 AN ACT relating to the partial distribution of pari-mutuel racing tax receipts to
2 local governments and making an appropriation therefor.

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

4 ➔Section 1. KRS 138.510 is amended to read as follows:

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

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

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

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

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

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

27 1. a. Before August 1, 2022, an amount equal to three-quarters of one

- 1 percent (0.75%) of all money wagered on live races and historical
2 horse races at the track for Thoroughbred racing shall be deposited
3 in the Thoroughbred development fund established in KRS
4 230.400; and
- 5 b. Beginning August 1, 2022, an amount equal to three-quarters of
6 one percent (0.75%) of all money wagered on live races and
7 historical horse races at the track for Thoroughbred racing shall be
8 deposited in the Thoroughbred development fund established in
9 KRS 230.400 until forty-five million dollars (\$45,000,000) has
10 been deposited during a fiscal year, at which point the amount
11 deposited in the fund shall decrease to four-tenths of one percent
12 (0.4%) of all money wagered on live and historical horse races at
13 the track for Thoroughbred racing for the remainder of the fiscal
14 year;
- 15 2. a. Before August 1, 2022, an amount equal to one percent (1%) of all
16 money wagered on live races and historical horse races at the track
17 for harness racing shall be deposited in the Kentucky standardbred
18 development fund established in KRS 230.770. Beginning August
19 1, 2022, an amount equal to one percent (1%) of all money
20 wagered on live races at the track for harness racing shall be
21 deposited in the Kentucky standardbred development fund until a
22 total of twenty million dollars (\$20,000,000) has been deposited
23 during a fiscal year from this subparagraph, at which point the
24 amount deposited shall decrease to four-tenths of one percent
25 (0.4%) of all money wagered for the remainder of the fiscal year;
26 and
- 27 b. Beginning August 1, 2022, an amount equal to one percent (1%)

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

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

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

23 a. To the equine industry program trust and revolving fund
24 established by KRS 230.550 to support the Equine Industry
25 Program at the University of Louisville, except that the amount
26 deposited from money wagered on historical horse races in any
27 fiscal year shall not exceed eight hundred fifty thousand dollars

- 1 (\$850,000);
- 2 b. To the University of Kentucky for equine industry programs at the
- 3 university, except that the amount paid from money wagered on
- 4 historical horse races in any fiscal year shall not exceed four
- 5 hundred thousand dollars (\$400,000);
- 6 c. To the Bluegrass Community and Technical College for the
- 7 provision of equine industry programs by the system, except that
- 8 the amount paid from money wagered on historical horse races in
- 9 any fiscal year shall not exceed two hundred fifty thousand dollars
- 10 (\$250,000);
- 11 d. Amounts remaining from money wagered on historical horse races
- 12 in a fiscal year after payments are made in accordance with
- 13 subdivisions a., b., and c. of this subparagraph shall be distributed
- 14 in equal amounts to:
 - 15 i. The Kentucky Thoroughbred breeders incentive fund
 - 16 established in KRS 230.800, in an amount not to exceed four
 - 17 hundred thousand dollars (\$400,000); and
 - 18 ii. The Kentucky standardbred breeders incentive fund
 - 19 established in KRS 230.802, in an amount not to exceed one
 - 20 hundred thousand dollars (\$100,000); and
- 21 e. Any amounts remaining from money wagered on historical horse
- 22 races in a fiscal year after payments are made in accordance with
- 23 subdivisions a., b., c., and d. of this subparagraph shall be paid to
- 24 the general fund;
- 25 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
- 26 wagered on live races and historical horse races at the track shall
- 27 be deposited in a trust and revolving fund to be used for the

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

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

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

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

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

25 7. An amount equal to one-tenth of one percent (0.1%) of all money
26 wagered on live races and historical horse races shall be distributed to
27 the fund established in Section 2 of this Act.

- 1 (e) The excise tax imposed by paragraphs (a) and (b) of this subsection shall not
2 apply to pari-mutuel wagering on live harness racing at a county fair.
- 3 (2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is
4 imposed on:
- 5 1. All tracks conducting telephone account wagering;
 - 6 2. All tracks participating as receiving tracks in intertrack wagering under
7 the jurisdiction of the commission; and
 - 8 3. All tracks participating as receiving tracks displaying simulcasts and
9 conducting interstate wagering thereon.
- 10 (b) 1. Before August 1, 2022, the tax shall be three percent (3%) of all money
11 wagered on races as provided in paragraph (a) of this subsection during
12 the fiscal year.
- 13 2. Beginning August 1, 2022, the tax shall be one and one-half percent
14 (1.5%) of all money wagered on races as provided in paragraph (a) of
15 this subsection during the fiscal year.
- 16 (c) A noncontiguous track facility approved by the commission on or after
17 January 1, 1999, shall be exempt from the tax imposed under this subsection,
18 if the facility is established and operated by a licensed track which has a total
19 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
20 or less. The amount of money exempted under this paragraph shall be retained
21 by the noncontiguous track facility, KRS 230.3771 and 230.378
22 notwithstanding.
- 23 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
24 this subsection as follows:
- 25 1. An amount equal to one percent (1%) of the amount wagered shall be
26 deposited as follows:
 - 27 a. In the Thoroughbred development fund established in KRS

- 1 230.400 if the host track is conducting a Thoroughbred race
2 meeting or the interstate wagering is conducted on a Thoroughbred
3 race meeting;
- 4 b. In the Kentucky standardbred development fund established in
5 KRS 230.770, if the host track is conducting a harness race
6 meeting or the interstate wagering is conducted on a harness race
7 meeting; or
- 8 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
9 Arabian development fund established by KRS 230.445, if the host
10 track is conducting a quarter horse, paint horse, Appaloosa, or
11 Arabian horse race meeting or the interstate wagering is conducted
12 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
13 meeting;
- 14 2. An amount equal to twenty-five thousandths of one percent (0.025%) of
15 the amount wagered shall be allocated to the equine industry program
16 trust and revolving fund established by KRS 230.550 to be used to
17 support the Equine Industry Program at the University of Louisville;
- 18 3. An amount equal to one-twentieth of one percent (0.05%) of the amount
19 wagered shall be deposited in a trust and revolving fund to be used for
20 the construction, expansion, or renovation of facilities or the purchase of
21 equipment for equine programs at state universities, as detailed in
22 subsection (1)(d)5. of this section; and
- 23 4. An amount equal to one-twentieth of one percent (0.05%) of the amount
24 wagered shall be distributed to the commission to support equine drug
25 testing as provided in KRS 230.265(3).
- 26 (3) If a host track in this state is the location for the conduct of a two (2) day
27 international horse racing event that distributes in excess of a total of twenty million

1 dollars (\$20,000,000) in purses and awards:

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

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

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

11 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
12 READ AS FOLLOWS:

13 (1) The pari-mutuel racing local government support fund in the State Treasury is
14 created. This fund shall be:

15 (a) A revolving fund administered by the Department for Local Government in
16 accordance with this section; and

17 (b) Disbursed by the State Treasurer upon the warrant of the commissioner of
18 the Department for Local Government.

19 (2) This fund may receive state appropriations in accordance with the distribution
20 formula established in Section 1 of this Act.

21 (3) Notwithstanding KRS 45.229, moneys remaining in the account at the close of
22 the fiscal year shall not lapse but shall carry forward into the succeeding fiscal
23 year. Interest earned on any moneys in the fund shall accrue to the fund.

24 (4) Moneys in the fund shall be used and are appropriated to support local
25 governments in which live and historical horse racing facilities are located and as
26 specified in subsections (5) and (6) of this section.

27 (5) Local governments shall use appropriations from this fund for the policing,

1 regulation, and administration of the facilities wherein live and historical horse
2 racetrack facilities are located.

3 (6) The fund shall be disbursed, at least quarterly, based on the population as
4 reported in the most recent federal decennial census of the counties:

5 (a) In which the facilities were located, reported, and paid tax in the previous
6 period;

7 (b) In which the local governments of those facility locations have been
8 approved by the Department for Local Government to receive moneys from
9 the fund; and

10 (c) Based on the formula as follows:

11 1. Determine the sum of the populations of all the counties containing
12 local governments that have been approved;

13 2. Divide the population of the approved county by the sum of the
14 populations of all the counties; and

15 3. Applying the rate for each approved county, as calculated in
16 subparagraphs 1. and 2. of this paragraph, to the total amount of this
17 fund available for distribution.

18 (7) The Department for Local Government shall promulgate regulations related to:

19 (a) The requirements for qualification for distribution of the moneys from this
20 fund to local governments, which shall include:

21 1. Application and reporting requirements for local governments;

22 2. A list of eligible expenses by the local governments; and

23 3. Accountability criteria for local governments to receive moneys; and

24 (b) Distributions within the local governments, which shall include guidelines
25 for the allocation of moneys for local governments which include both cities
26 and counties.

27 (8) The Department of Revenue shall provide aggregate information to the

1 Department for Local Government pertaining to the location of the facilities, by
2 county and by city, in which pari-mutuel racing tax receipts are generated each
3 period, and other information as needed by the Department for Local
4 Government to perform the calculation detailed in subsection (6) of this section.

5 (9) For the purposes of this section, "local government" means cities, counties,
6 urban-county governments, charter county governments, consolidated local
7 governments, and unified local governments.

8 ➔Section 3. KRS 131.190 is amended to read as follows:

9 (1) No present or former commissioner or employee of the department, present or
10 former member of a county board of assessment appeals, present or former property
11 valuation administrator or employee, present or former secretary or employee of the
12 Finance and Administration Cabinet, former secretary or employee of the Revenue
13 Cabinet, or any other person, shall intentionally and without authorization inspect
14 or divulge any information acquired by him or her of the affairs of any person, or
15 information regarding the tax schedules, returns, or reports required to be filed with
16 the department or other proper officer, or any information produced by a hearing or
17 investigation, insofar as the information may have to do with the affairs of the
18 person's business.

19 (2) The prohibition established by subsection (1) of this section shall not extend to:
20 (a) Information required in prosecutions for making false reports or returns of
21 property for taxation, or any other infraction of the tax laws;
22 (b) Any matter properly entered upon any assessment record, or in any way made
23 a matter of public record;
24 (c) Furnishing any taxpayer or his or her properly authorized agent with
25 information respecting his or her own return;
26 (d) Testimony provided by the commissioner or any employee of the department
27 in any court, or the introduction as evidence of returns or reports filed with the

- 1 department, in an action for violation of state or federal tax laws or in any
2 action challenging state or federal tax laws;
- 3 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
4 energy resources assessed under KRS 132.820, or owners of surface land
5 under which the unmined minerals lie, factual information about the owner's
6 property derived from third-party returns filed for that owner's property, under
7 the provisions of KRS 132.820, that is used to determine the owner's
8 assessment. This information shall be provided to the owner on a confidential
9 basis, and the owner shall be subject to the penalties provided in KRS
10 131.990(2). The third-party filer shall be given prior notice of any disclosure
11 of information to the owner that was provided by the third-party filer;
- 12 (f) Providing to a third-party purchaser pursuant to an order entered in a
13 foreclosure action filed in a court of competent jurisdiction, factual
14 information related to the owner or lessee of coal, oil, gas reserves, or any
15 other mineral resources assessed under KRS 132.820. The department may
16 promulgate an administrative regulation establishing a fee schedule for the
17 provision of the information described in this paragraph. Any fee imposed
18 shall not exceed the greater of the actual cost of providing the information or
19 ten dollars (\$10);
- 20 (g) Providing information to a licensing agency, the Transportation Cabinet, or
21 the Kentucky Supreme Court under KRS 131.1817;
- 22 (h) Statistics of gasoline and special fuels gallonage reported to the department
23 under KRS 138.210 to 138.448;
- 24 (i) Providing any utility gross receipts license tax return information that is
25 necessary to administer the provisions of KRS 160.613 to 160.617 to
26 applicable school districts on a confidential basis;
- 27 (j) *Providing the information required in Section 2 of this Act to the*

1 *Department for Local Government on a confidential basis for the*
2 *calculation of the fund distribution in that section;*

3 (k) Providing documents, data, or other information to a third party pursuant to an
4 order issued by a court of competent jurisdiction; or

5 (L)~~(k)~~ Providing information to the Legislative Research Commission under:

- 6 1. KRS 139.519 for purposes of the sales and use tax refund on building
7 materials used for disaster recovery;
- 8 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 9 3. KRS 141.437 for purposes of the ENERGY STAR home and the
10 ENERGY STAR manufactured home credits;
- 11 4. KRS 141.383 for purposes of the film industry incentives;
- 12 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
13 tax credits and the job assessment fees;
- 14 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 15 7. KRS 141.396 for purposes of the angel investor tax credit;
- 16 8. KRS 141.389 for purposes of the distilled spirits credit;
- 17 9. KRS 141.408 for purposes of the inventory credit;
- 18 10. KRS 141.390 for purposes of the recycling and composting credit;
- 19 11. KRS 141.3841 for purposes of the selling farmer tax credit;
- 20 12. KRS 141.4231 for purposes of the renewable chemical production tax
21 credit;
- 22 13. KRS 141.524 for purposes of the Education Opportunity Account
23 Program tax credit;
- 24 14. KRS 141.398 for purposes of the development area tax credit;
- 25 15. KRS 139.516 for the purposes of the sales and use tax exemption on the
26 commercial mining of cryptocurrency; and
- 27 16. KRS 141.419 for purposes of the decontamination tax credit.

- 1 (3) The commissioner shall make available any information for official use only and on
2 a confidential basis to the proper officer, agency, board or commission of this state,
3 any Kentucky county, any Kentucky city, any other state, or the federal
4 government, under reciprocal agreements whereby the department shall receive
5 similar or useful information in return.
- 6 (4) Access to and inspection of information received from the Internal Revenue Service
7 is for department use only, and is restricted to tax administration purposes.
8 Information received from the Internal Revenue Service shall not be made available
9 to any other agency of state government, or any county, city, or other state, and
10 shall not be inspected intentionally and without authorization by any present
11 secretary or employee of the Finance and Administration Cabinet, commissioner or
12 employee of the department, or any other person.
- 13 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
14 requirements of KRS Chapter 137 and statistics of natural gas production as
15 reported to the department under the natural resources severance tax requirements
16 of KRS Chapter 143A may be made public by the department by release to the
17 Energy and Environment Cabinet, Department for Natural Resources.
- 18 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
19 submissions for the 1989 tax year, the department may make public or divulge only
20 those portions of mine maps submitted by taxpayers to the department pursuant to
21 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
22 out parcel areas. These electronic maps shall not be relied upon to determine actual
23 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
24 required under KRS Chapters 350 and 352 shall not be construed to constitute land
25 surveying or boundary surveys as defined by KRS 322.010 and any administrative
26 regulations promulgated thereto.