

1 AN ACT relating to the regulation of skill games and making an appropriation
2 therefor.

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

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

6 *As used in Sections 1 to 13 and 14 of this Act, unless the context requires otherwise:*

7 *(1) "Applicant" means a person or entity which applies for permission to engage in*
8 *an act or activity that is regulated under the provisions of Sections 1 to 13 and 14*
9 *of this Act;*

10 *(2) "Cash" means United States currency or coin;*

11 *(3) "Cash equivalent" means an instrument with a value equal to United States*
12 *currency or coin including:*

13 *(a) A certified check;*

14 *(b) A cashier's check;*

15 *(c) A money order; and*

16 *(d) Any other representation of value that the commission deems a cash*
17 *equivalent;*

18 *(4) "Controlling interest" means:*

19 *(a) For a publicly traded corporation, a person has a controlling interest in a*
20 *legal entity, applicant, or licensee if a person's sole voting rights under*
21 *Kentucky law, corporate articles, or by laws entitle the person to elect or*
22 *appoint one (1) or more of the members of the board of directors or other*
23 *governing board or the person holds an ownership or beneficial holding of*
24 *five percent (5%) or more of the securities of the publicly traded*
25 *corporation, partnership, limited liability company, or other form of*
26 *publicly traded legal entity, unless this presumption of control or ability to*
27 *elect is rebutted by clear and convincing evidence; or*

- 1 (b) For a privately held corporation, partnership, limited liability company or
2 other form of privately held legal entity, the holding of any securities in the
3 legal entity, unless the presumption of control is rebutted by clear and
4 convincing evidence;
- 5 (5) "Commission" means the Kentucky Gaming Commission established pursuant to
6 Section 2 of this Act;
- 7 (6) "Distributor" means an entity licensed by the commission that sells, leases,
8 offers, or otherwise provides and distributes skill games to an operator for use or
9 play in this Commonwealth. The distributor shall act as the holding agent for
10 taxes due to the Commonwealth under Section 14 of this Act;
- 11 (7) "Entity" means a domestic or foreign:
- 12 (a) Business corporation;
- 13 (b) Nonprofit corporation;
- 14 (c) General partnership;
- 15 (d) Limited partnership;
- 16 (e) Limited liability company;
- 17 (f) Unincorporated nonprofit association;
- 18 (g) Professional association; or
- 19 (h) Business trust, common-law business trust, or statutory trust;
- 20 (8) "Establishment" means an entity licensed by the commission that may permit an
21 operator to place and operate skill games on its premises;
- 22 (9) "Gross profit" means the total of cash or cash equivalents received by a skill
23 game minus the total of cash or cash equivalents paid out to players as a result of
24 playing a skill game;
- 25 (10) "Independent testing laboratory" means a nongovernmental entity engaged in
26 the business of examining skill game software and capable of providing the
27 certification required under Section 6 of this Act;

- 1 (11) "Initial license" means a license issued by the commission to an approved
2 applicant;
- 3 (12) "Manufacturer" means the person or entity who creates, develops, or builds a
4 skill game, skill game components, and skill game software;
- 5 (13) "Operator" means an entity licensed by the commission to operate a skill game
6 that:
- 7 (a) Purchases or leases skill games from a licensed skill games distributor;
8 (b) Provides skill games to licensed establishments; and
9 (c) Provides onsite collection of skill game revenue and skill game data
10 reporting as required;
- 11 (14) "Payout" means the payment of cash or cash equivalent to player as a result of a
12 skill game;
- 13 (15) "Player" means an individual who is at least eighteen (18) years of age when
14 playing a skill game;
- 15 (16) "Principal" means an officer, director, person who directly holds a beneficial
16 interest in or ownership of the securities of an applicant or licensee, person who
17 has controlling interest in an applicant or licensee, or has the ability to elect a
18 majority of the board of directors of a licensee or to otherwise control a licensee,
19 lender, or other licensed financial institution of an applicant or licensee, other
20 than a bank or lending institution which makes a loan or holds a mortgage or
21 other lien acquired in the ordinary course of business, underwriter of an
22 applicant or licensee, or other person or employee deemed to be a principal by the
23 commission;
- 24 (17) "Skill game agreement" means an agreement entered into by a distributor and an
25 operator or an operator with an establishment for the placement, operation,
26 service, or maintenance of a skill game;
- 27 (18) (a) "Skill game" means a game of skill played on skill game software that

1 meets the qualifications set forth in Section 6 of this Act and has been
 2 licensed by the commission;

3 (b) "Skill game" does not include:

4 1. Any device approved and registered under the provisions of KRS 138.
 5 510 to 138.550 and KRS Chapter 230;

6 2. Any device approved and registered by the Kentucky Lottery
 7 Corporation under the provisions of KRS Chapter 154A; and

8 3. Any device approved and registered under the provisions of KRS
 9 Chapter 238;

10 (19) "Skill game software" means a distributor's proprietary software program
 11 developed and designed for a skill game as approved by the commission;

12 (20) "Terminal identification number or "(TID)" means the unique number utilized to
 13 identify and verify a licensed skill game; and

14 (21) "Truck stop" shall have the same meaning as KRS 281.767.

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

17 (1) The Kentucky Gaming Commission is hereby created as an independent agency
 18 of state government with the responsibility and authority to supervise and strictly
 19 regulate all skill games in the Commonwealth. The commission shall be attached
 20 to the Public Protection Cabinet for administrative purposes.

21 (2) The commission shall consist of seven (7) members to be appointed by the
 22 Governor and confirmed by the Senate as provided in KRS 11.160. Commission
 23 members appointed during periods when the General Assembly is not in session
 24 may assume the responsibilities of the position pending confirmation.

25 (3) The Governor shall designate one (1) member as chair, and the commission shall
 26 elect one (1) of its members as a vice chair.

27 (4) Requirements for members of the commission shall be as follows:

- 1 (a) One (1) member shall be:
- 2 1. A certified public accountant licensed by the Commonwealth of
- 3 Kentucky or by another state or a public accountant qualified to
- 4 practice public accounting under the provisions of KRS Chapter 325;
- 5 and
- 6 2. Have at least five (5) years of progressively responsible experience in
- 7 general accounting and a comprehensive knowledge of the principles
- 8 and practices of corporate finance or possess the qualifications of an
- 9 expert in the fields of corporate finance, auditing, general finance,
- 10 gaming, or economics;
- 11 (b) One (1) member shall be selected based on his or her training and
- 12 experience in the fields of investigation, law enforcement, law, or gaming;
- 13 (c) Not more than five (5) members of the commission shall be registered
- 14 members of the same political party;
- 15 (d) Each member shall be a Kentucky resident at the time he or she is
- 16 appointed, shall have been a Kentucky resident for at least five (5)
- 17 consecutive years prior to his or her appointment, and shall remain a
- 18 Kentucky resident during his or her tenure as a member of the commission;
- 19 (e) To achieve regionally diverse representation, each congressional district
- 20 shall be represented;
- 21 (f) All persons appointed to the commission shall be of good moral character
- 22 and shall not have been convicted of, or under indictment for, a felony in
- 23 Kentucky, any other state, federal court, or foreign country; and
- 24 (g) No member of the commission, or any family member of a member of the
- 25 commission, at the time of appointment or during the member's tenure on
- 26 the commission, shall:
- 27 1. Be a member of the Kentucky General Assembly, a person holding any

- 1 elective office in state government, or any officer or official of any
2 political party; or
- 3 2. Have any pecuniary or ownership interest in, engage in any loan or
4 credit transaction with, be employed by or hold a position with, or
5 have any ownership or managerial position in any business or
6 professional organization that provides goods or services to, engages
7 in line of credit transactions with, or otherwise does business with, any
8 licensee, or any other person engaging in a business relating to
9 gambling, the lottery, or any affiliate of any thereof.
- 10 (5) All commissioners appointed by the Governor shall serve a term of four (4) years
11 or until their successors are appointed and duly qualified.
- 12 (6) A commissioner shall not serve more than two (2) full terms, provided that a
13 commissioner that is appointed to an initial term of less than four (4) years may
14 serve two (2) full terms upon completion of the initial term.
- 15 (7) Commission vacancies shall be filled in accordance with the requirements
16 established in subsections (2), (3), (4), and (5) of this section.
- 17 (8) (a) The Governor may remove any commissioner for misfeasance, malfeasance,
18 or nonfeasance in office.
- 19 (b) The removal may be made after the member has had the opportunity for a
20 public hearing in accordance with KRS Chapter 13B, if requested.
- 21 (c) The member charged may request a public hearing. The request shall be in
22 writing and shall be submitted to the Governor's office within ten (10) days
23 of the service of charges upon the member.
- 24 (d) If a public hearing is timely requested, the hearing shall be held before a
25 hearing officer appointed by the Governor. The hearing officer shall make
26 findings of fact and conclusions of law based upon the record of the
27 hearing, and shall provide the Governor with a recommendation for action.

1 *The Governor's final decision, after recommendation by the hearing officer,*
2 *may be appealed to the Franklin Circuit Court.*

3 *(9) Before assuming his or her duties, each commissioner shall:*

4 *(a) Take the constitutional oath of office, which shall be filed with the office of*
5 *the commission;*

6 *(b) Swear that he or she:*

7 *1. Has not been convicted of, and is not under indictment for, a felony in*
8 *Kentucky or in any other state, federal court, or a foreign country;*
9 *and*

10 *2. Is not actively engaged in, and does not own or hold a pecuniary*
11 *interest in any entity actively engaged in operating a gaming facility,*
12 *or supplying gaming supplies and equipment; and*

13 *(c) Agree in writing that he or she shall not be employed by, agree to be*
14 *employed by, or solicit employment from any gaming licensee, or any*
15 *person holding a license or permit issued pursuant to KRS Chapter 230*
16 *during his or her term as commissioner, and for a period of three (3) years*
17 *following the termination of his or her service as a member of the*
18 *commission.*

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

21 *(1) The commission shall have the authority to promulgate regulations in*
22 *accordance with KRS Chapter 13A necessary for the administration and*
23 *enforcement of this chapter.*

24 *(2) The commission shall establish and maintain an office in Frankfort for the*
25 *transaction of its business and may:*

26 *(a) Establish one (1) or more branch offices; and*

27 *(b) Hold meetings at any of its offices or at any other place based upon*

- 1 convenience to its members, staff, those it regulates, and the general public.
- 2 (3) A majority of the commission membership shall constitute a quorum for the
3 purpose of transacting business or exercising any of the powers delegated to the
4 commission under this chapter.
- 5 (4) A majority of the members present at any commission meeting at which a quorum
6 is present shall have the authority to act on behalf of the commission.
- 7 (5) All members shall be reimbursed for necessary travel and other reasonable
8 expenses incurred in the performance of their official duties.
- 9 (6) (a) The commission shall hold at least one (1) meeting each month.
10 (b) The chairperson or a majority of the commission members may call a
11 special meeting.
12 (c) A special meeting shall not be held earlier than seventy-two (72) hours
13 after written notice has been sent to each member.
- 14 (7) Commission records shall be open and subject to public inspection in accordance
15 with KRS 61.870 to 61.884 unless:
16 (a) A record is exempted from inspection under KRS 61.878;
17 (b) A record involves a trade secret or other legally protected intellectual
18 property or confidential proprietary information of the commission or of an
19 applicant, licensee, individual, or entity having submitted information of
20 such character to the commission, in which case, the portion of the record
21 relating to these subjects may be closed; or
22 (c) The disclosure of the record could impair or adversely affect the operational
23 security of the commission in the regulation of gaming facilities or could
24 impair or adversely impact the operational security of applicants or
25 licensees.
- 26 (8) Meetings of the commission shall be open to the public in accordance with KRS
27 61.800 to 61.850 unless the exceptions set forth in KRS 61.810 apply or the

1 meeting addresses trade secrets, confidential or proprietary information, or
 2 operational security issues as described in subsection (7)(c) of this section. In
 3 such a case, the commission may meet in closed session and shall follow the
 4 procedures set forth in KRS 61.815.

5 (9) Commission members shall be subject to all applicable provisions of KRS
 6 Chapter 11A.

7 (10) The commission shall develop a process to ensure that all individuals seeking to
 8 provide the commission with information relating to issues that will be discussed
 9 at a public meeting have the means to do so.

10 (11) The Auditor of Public Accounts shall perform an annual audit of the
 11 commission, a copy of which shall be sent to the Governor and the Interim Joint
 12 Committee on Appropriations and Revenue.

13 (12) The commission shall submit a written annual report to the Governor and the
 14 Interim Joint Committee on Appropriations and Revenue on or before July 1,
 15 2024, and by July 1 of each year thereafter. The commission shall file any
 16 additional reports requested by the Governor or the Interim Joint Committee on
 17 Appropriations and Revenue. The annual report shall include the following
 18 information:

19 (a) The receipts and disbursements of the commission;

20 (b) Actions taken by the commission; and

21 (c) Any additional information and recommendations that the commission
 22 considers useful or that the Governor or the Legislative Research
 23 Commission requests.

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

26 (1) The commission shall promulgate administrative regulations pursuant to KRS
 27 Chapter 13A to:

- 1 (a) Require annual audits, due by March 1, of the preceding fiscal year's
2 financial statements of all licensees regulated under this chapter;
- 3 (b) Establish minimum standards for gaming licensees relating to effective
4 fiscal protection and control. The standards shall include provisions
5 relating to:
- 6 1. The safeguarding of assets and revenues;
7 2. The recording of cash and evidences of indebtedness;
8 3. The establishment of reliable records, accounts, and reports of
9 transactions, operations, and events, including reports to the
10 commission; and
- 11 4. The conduct of internal audits by qualified internal auditors or by
12 certified public accountants;
- 13 (c) Require periodic financial reports from each licensee regulated under this
14 chapter. These administrative regulations shall:
- 15 1. Establish standard forms for the reporting of:
- 16 a. Financial condition;
17 b. Operational results;
18 c. Gross gaming receipts and adjusted gaming receipts;
19 d. The amount of prizes paid during specific reporting periods; and
20 e. Other relevant financial information that the commission may
21 require; and
- 22 2. Establish a uniform code of accounts and accounting classifications to
23 ensure consistency, comparability, and effective disclosure of financial
24 information; and
- 25 (d) Require annual audits of the financial statements of all licensees regulated
26 under this chapter in accordance with the following:
- 27 1. Independent accountants shall submit an audit report which shall

1 express an unqualified or qualified opinion or, if appropriate, disclaim
2 an opinion on the statements taken as a whole in accordance with
3 standards for the accounting profession established by administrative
4 regulations promulgated by the Kentucky State Board of Accountancy,
5 but the preparation of statements without audits shall not constitute
6 compliance; and

7 2. The examination and audit shall disclose whether the accounts,
8 records, and control procedures maintained by the gaming licensee
9 are in compliance with the requirements established by administrative
10 regulations promulgated by the commission.

11 (2) Licensees shall maintain complete records required by this chapter during the
12 term of licensure and shall retain the records for five (5) years after the
13 surrender, nonrenewal, or other loss of licensure.

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

16 (1) The Governor shall appoint an executive director who shall serve as the chief
17 executive officer of the commission. The executive director shall serve a term of
18 four (4) years and may be reappointed.

19 (2) The executive director and any member of the executive director's family, at the
20 time of appointment and during the time of service as executive director, shall
21 not:

22 (a) Be a member of the Kentucky General Assembly, a person holding any
23 elective office in the state government, or any officer or official of any
24 political party; or

25 (b) Have any pecuniary or ownership interest in, engage in any loan or credit
26 transaction with, be employed by or hold a position with, or have any
27 ownership or managerial position in any business or professional

1 organization that:
2 1. Provides goods or services to;
3 2. Engages in line of credit transactions with; or
4 3. Otherwise does business with;
5 any licensee or any other person engaged in a business relating to
6 gambling.

7 (3) The executive director shall:
8 (a) Be engaged full-time in fulfilling the duties imposed under this chapter and
9 in conducting the business of the commission and shall not pursue any
10 other business or occupation or hold any other office for profit;
11 (b) Be responsible for the management of the commission's affairs. The
12 executive director shall possess the powers and perform the duties assigned
13 to the executive director by this chapter and shall have other duties as the
14 commission directs;
15 (c) Hire employees necessary to carry out the functions of the commission. The
16 executive director shall fix the compensation of employees in accordance
17 with KRS Chapter 18A; and
18 (d) Serve as secretary of the commission and shall keep a full record of all
19 proceedings before the commission and shall preserve at the commission's
20 office all books, maps, documents, licenses, and other records of the
21 commission.

22 (4) The executive director and commission employees shall be reimbursed for actual
23 expenses incurred in the discharge of their official duties.

24 (5) The executive director and all employees of the commission shall be subject to all
25 applicable provisions of KRS Chapter 11A.

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

1 (1) Prior to obtaining a license under this Act, a skill game shall be deemed certified
2 for the purpose of this section. The following shall apply:

3 (a) Before the distributor sells, leases, licenses, provides, or distributes a skill
4 game not qualified or approved by the commission to an operator or
5 establishment, the distributor shall supply to the commission an engineering
6 report and opinion in complete forensic detail by an independent testing
7 laboratory approved by the commission and based on an examination of a
8 prototype or production sample of the skill game to be registered. The
9 engineering report shall:

10 1. Be signed by a principal or executive officer of an independent testing
11 laboratory, which shall constitute the laboratory's certification
12 regarding its contents;

13 2. State at a minimum a written certification to the commission that the
14 skill game is one in which:

15 a. Skill of the player rather than an element of chance is the
16 predominant factor affecting the game's outcome;

17 b. The game requires for a single play and over a session of
18 gameplay to be such that without the player exercising skill it
19 would be impossible to win more than the cost to play the game;

20 c. There shall not be a hard-coded minimum or maximum payout
21 percentage for a skill game;

22 d. There shall not be any reflexive, compensating algorithm that
23 makes the game harder when it detects a highly skilled player or
24 the game's payout percentage goes above one hundred percent
25 (100%);

26 e. An average player can learn to score and win effectively on a
27 skill game;

- 1 f. A player is informed of the criteria used in selecting winners,
2 and rules must be available for viewing at any time other than in
3 the middle of gameplay;
- 4 g. Games shall be programmed to keep true and accurate gameplay
5 records with a minimum of ten (10) game recalls and the number
6 of payouts from the game with a minimum of ten (10) voucher
7 recalls. Accounting meters must be at least eight (8) digits in
8 length, with six (6) digits to the left of the decimal;
- 9 h. Games shall be programmed to have a maximum price to play of
10 four dollars (\$4) and the maximum winnings per individual
11 game is four thousand dollars (\$4,000); and
- 12 i. Games shall allow for the display of software versions, lists of
13 hardware components of the approved terminal, and be easily
14 identifiable and accurate;
- 15 (b) A skill game shall remain approved and valid unless material changes are
16 made to the skill game software or equipment as determined by the
17 commission;
- 18 (c) A distributor applying for an initial license shall provide its software in a
19 manner consistent with the regulations promulgated by the commission;
- 20 (d) Any change to the skill game software shall be submitted to the commission
21 for approval in a manner consistent with the administrative regulations
22 promulgated by the commission; and
- 23 (e) Certification requirements under this subsection shall be made to the
24 commission by the distributor. The distributor shall represent that
25 certification is being made subject to the penalties of Kentucky law, relating
26 to unsworn falsification to authorities.
- 27 (2) The distributor's skill game software shall allow for random field verification by

1 agents or designees of the commission. The distributor shall supply the
 2 commission with the unique signature of the application software approved by the
 3 commission with instructions allowing an agent or designee of the commission to
 4 field verify a production copy of the skill game software.

5 (3) Nothing in this chapter is intended to violate, compromise, or facilitate
 6 infringement of or make public material created, owned, or possessed by a
 7 distributor. Intellectual property or other material or information provided by a
 8 distributor to the commission for inspection shall be deemed as trademarked,
 9 copyrighted, a trade secret, or confidential property material, and the material
 10 shall not be subject to public access or inspection.

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

13 (1) Any entity that is currently operating shall complete all requirements for
 14 licensure no later than six (6) months after the effective date of this Act in order
 15 to continue operations.

16 (2) Any entity that is seeking to apply for a manufacturer, distributor, operator, or
 17 establishment initial or renewal license shall provide the following information:

18 (a) Identification in the form of a:

19 (1.) Driver's license; or

20 (2.) Passport;

21 (b) Naturalization papers or alien registration card, if applicable;

22 (c) Resident information for the previous five (5) years;

23 (d) Employment information for the previous five (5) years, including dates
 24 employed and name and address of employers in order for a credit check to
 25 be completed;

26 (e) An interview for all principals who live in this Commonwealth;

27 (f) An individual questionnaire provided by the commission for all principals

1 who live outside of this Commonwealth; and
2 (g) Proof that the applicant has timely filed and satisfied all federal, state, and
3 local taxes.

4 (3) The commission shall promulgate administrative regulations to establish criminal
5 history checks for applicants.

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

8 (1) A fee for an initial or renewal license application shall be payable to the
9 commission when the application or renewal is submitted.

10 (2) An initial license application fee is nonrefundable to an applicant. An initial
11 license is valid for one (1) calendar year. The initial license application fee for a
12 skill game:

13 (a) Manufacturer is five hundred thousand dollars (\$500,000);

14 (b) Distributor is one hundred thousand dollars (\$100,000);

15 (c) Operator is twenty-five thousand dollars (\$25,000); and

16 (d) Establishment is two hundred fifty dollars (\$250).

17 (3) A renewal license application fee is nonrefundable. A renewal license shall be
18 valid for one (1) calendar year from the date of issuance. The renewal license
19 application fee for a skill game:

20 (a) Manufacturer is one hundred thousand dollars (\$100,000);

21 (b) Distributor is twenty-five thousand dollars (\$25,000);

22 (c) Operator is five thousand dollars (\$5,000); and

23 (d) Establishment is two hundred fifty dollars (\$250).

24 (4) (a) The commission shall create a decal to appear on every licensed skill game
25 in the Commonwealth.

26 (b) A fee of fifty dollars (\$50) shall apply to each decal issued to a licensed skill
27 game. Each approved skill game is required to have a current decal to be

1 operational. The decal shall be placed on each game and renewed annually.
2 This decal and fee shall supersede any local registration, tax, or
3 administrative fee.

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

- 6 (1) The commission may suspend or revoke a license if the participant violates any
7 provision of Sections 1 to 13 and 14 of this Act or a regulation of the commission.
8 (2) The commission may grant, deny, suspend or revoke a license after the
9 commission determines whether the applicant is able to comply with all
10 applicable laws of this Commonwealth and regulations relating to the activities in
11 which the applicant intends to engage under Sections 1 to 13 and 14 of this Act.
12 (3) A license issued under Sections 1 to 13 and 14 of this Act may be sold and is
13 transferable, subject to the transferees' ability to accept and satisfy all
14 requirements of this chapter.
15 (4) The issuance or renewal of a license shall be a revocable privilege.
16 (5) The distributor, operator, and establishment may not hold multiple licenses.
17 (6) If the commission denies an application, the applicant shall have thirty (30) days
18 following the mailing date of the denial letter to file an appeal with the
19 commission in accordance with KRS Chapter 13B. Further appeal of a decision
20 by the commission shall be filed with Franklin Circuit Court.

21 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
22 READ AS FOLLOWS:

23 An establishment may have a maximum of two (2) skill games per five hundred (500)
24 square feet of public floor common space available to the patrons of the establishment.
25 An establishment may not exceed five (5) approved skill games. A truck stop may not
26 exceed ten (10) approved skill games. All skill games shall be placed in public floor
27 space visible to patrons and employees.

1 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
2 READ AS FOLLOWS:

3 *(1) The commission shall promulgate administrative regulations in accordance with*
4 *KRS Chapter 13A, including employee training, for licensed establishments to*
5 *eliminate the play of skill games by individuals under the age of eighteen (18)*
6 *years old.*

7 *(2) Under no circumstances shall an establishment pay out winnings to an individual*
8 *under the age of eighteen (18) years old.*

9 *(3) An establishment licensee shall post problem gaming signage and make problem*
10 *gaming informational materials, the terms of both to be established by the*
11 *commission, available at its premises.*

12 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
13 READ AS FOLLOWS:

14 *(1) The commission shall promulgate administrative regulations to establish*
15 *penalties for any licensee who violates any provision of Sections 1 to 13 and 14*
16 *of this Act. Any initial violation shall be subject to a five thousand dollar (\$5,000)*
17 *penalty and any remedial action deemed necessary by the commission. A second*
18 *violation shall be subject to a ten thousand dollar (\$10,000) penalty and any*
19 *remedial action deemed necessary by the commission. A third violation shall be*
20 *subject to a twenty-five thousand dollar (\$25,000) penalty and any remedial*
21 *action deemed necessary by the commission, including suspension or revocation*
22 *of license.*

23 *(2) (a) A person who distributes, operates, or offers for play a skill game in*
24 *Kentucky that has not been approved under this chapter is guilty of a Class*
25 *A misdemeanor and may be subject to up to twelve (12) months in jail, a*
26 *fine of not more than twenty-five thousand dollars (\$25,000), and a ten (10)*
27 *year ban on skill game licensure. Each violation of this section shall*

1 constitute a separate offense.

2 (b) A peace officer, on being informed or having reason to believe that
3 unauthorized skill gaming is taking place, may enforce these provisions. A
4 peace officer with reasonable suspicion that Sections 1 to 13 and 14 of this
5 Act are being violated may enter any place where an unlicensed activity or
6 unauthorized operation of a skill game is being conducted and may cite a
7 person who does not provide satisfactory proof that he or she possesses the
8 required licensure.

9 (c) The attorney general shall, at the request of the commission, act on behalf
10 of the commission to prosecute criminal actions under Sections 1 to 13 and
11 14 of this Act.

12 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
13 READ AS FOLLOWS:

14 (1) There is hereby created in the State Treasury a trust and agency account to be
15 known as the gaming commission fund. All moneys received by the commission
16 under the provisions of Sections 1 to 13 and 14 of this Act shall be deposited in
17 the gaming commission fund to be used for:

18 (a) Funding of salaries, benefits, equipment, training continued education, and
19 professional development for first responders;

20 (b) Enforcement of this chapter by the Kentucky State Police and other law
21 enforcement agencies that enforce this chapter; and

22 (c) Administration of this chapter by the commission.

23 (2) The fund shall be administered by the Kentucky Gaming Commission in the
24 Public Protection Cabinet.

25 (3) Any interest earnings of the fund shall become a part of the fund and shall not
26 lapse. Notwithstanding KRS 45.229, amounts in the fund at the close of any fiscal
27 year shall not lapse but shall be carried forward into the next fiscal year.

1 (4) The moneys in the gaming commission fund shall be appropriated to the
2 commission and shall be used for the purpose of carrying out the provisions of
3 Sections 1 to 13 and 14 of this Act.

4 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
5 READ AS FOLLOWS:

6 (1) All gross profits from a skill game shall be subject to a six percent (6%) tax
7 collected by the distributor of a skill game and payable to the commission. The
8 distributor shall submit to the commission by the twentieth day of each month:

9 (a) A report of gross profits under this subsection for the prior month;

10 (b) Any tax payments due under this subsection for the prior month; and

11 (c) A report of terminal identification numbers, location name, address, cash-
12 in, cash-out, and tax amounts, per terminal.

13 (2) All moneys received from the tax imposed under this section shall be distributed
14 by the commission and shall be proportioned monthly under the following
15 formula:

16 (a) Forty percent (40%) of the proceeds shall be deposited into the general
17 fund;

18 (b) Twenty-five percent (25%) of the proceeds shall be distributed to first
19 responders for professional development as set forth in Section 13 of this
20 Act;

21 (c) Ten percent (10%) of the proceeds shall be distributed to individual counties
22 proportionally based upon the gross profits derived from the operation of all
23 skill games within that county;

24 (d) Ten percent (10%) of the proceeds shall be distributed to individual local
25 governing bodies based on the gross profits derived from the operation of
26 skill games within that local government. In the absence of a local
27 government entity, this percentage shall be distributed to the county under

- 1 subsection (2)(c) of this section;
 2 (e) Ten percent (10%) of the proceeds shall be distributed to law enforcement
 3 as set forth in Section 13 of this Act; and
 4 (f) Five percent (5%) of the proceeds shall be distributed to the gaming
 5 commission for the administration of this Act.

6 ➔Section 15. KRS 12.020 is amended to read as follows:

7 Departments, program cabinets and their departments, and the respective major
 8 administrative bodies that they include are enumerated in this section. It is not intended
 9 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
 10 bureau, interstate compact, commission, committee, conference, council, office, or any
 11 other form of organization shall be included in or attached to the department or program
 12 cabinet in which they are included or to which they are attached by statute or statutorily
 13 authorized executive order; except in the case of the Personnel Board and where the
 14 attached department or administrative body is headed by a constitutionally elected
 15 officer, the attachment shall be solely for the purpose of dissemination of information and
 16 coordination of activities and shall not include any authority over the functions,
 17 personnel, funds, equipment, facilities, or records of the department or administrative
 18 body.

19 I. Cabinet for General Government - Departments headed by elected officers:

- 20 (1) The Governor.
 21 (2) Lieutenant Governor.
 22 (3) Department of State.
 23 (a) Secretary of State.
 24 (b) Board of Elections.
 25 (c) Registry of Election Finance.
 26 (4) Department of Law.
 27 (a) Attorney General.

- 1 (5) Department of the Treasury.
- 2 (a) Treasurer.
- 3 (6) Department of Agriculture.
- 4 (a) Commissioner of Agriculture.
- 5 (b) Agricultural Development Board.
- 6 (c) Kentucky Agricultural Finance Corporation.
- 7 (7) Auditor of Public Accounts.
- 8 II. Program cabinets headed by appointed officers:
- 9 (1) Justice and Public Safety Cabinet:
- 10 (a) Department of Kentucky State Police.
- 11 1. Office of Administrative Services.
- 12 a. Division of Operational Support.
- 13 b. Division of Management Services.
- 14 2. Office of Operations.
- 15 a. Division of West Troops.
- 16 b. Division of East Troops.
- 17 c. Division of Special Enforcement.
- 18 d. Division of Commercial Vehicle Enforcement.
- 19 3. Office of Technical Services.
- 20 a. Division of Forensic Sciences.
- 21 b. Division of Information Technology.
- 22 (b) Department of Criminal Justice Training.
- 23 (c) Department of Corrections.
- 24 (d) Department of Juvenile Justice.
- 25 (e) Office of the Secretary.
- 26 (f) Office of Drug Control Policy.
- 27 (g) Office of Legal Services.

- 1 (h) Office of the Kentucky State Medical Examiner.
- 2 (i) Parole Board.
- 3 (j) Kentucky State Corrections Commission.
- 4 (k) Office of Legislative and Intergovernmental Services.
- 5 (l) Office of Human Resource Management.
 - 6 1. Division of Human Resource Administration.
 - 7 2. Division of Employee Management.
- 8 (m) Department of Public Advocacy.
- 9 (n) Office of Communications.
 - 10 1. Information Technology Services Division.
- 11 (o) Office of Financial Management Services.
 - 12 1. Division of Financial Management.
- 13 (p) Grants Management Division.
- 14 (2) Energy and Environment Cabinet:
 - 15 (a) Office of the Secretary.
 - 16 1. Office of Legislative and Intergovernmental Affairs.
 - 17 2. Office of Legal Services.
 - 18 a. Legal Division I.
 - 19 b. Legal Division II.
 - 20 3. Office of Administrative Hearings.
 - 21 4. Office of Communication.
 - 22 5. Mine Safety Review Commission.
 - 23 6. Office of Kentucky Nature Preserves.
 - 24 7. Kentucky Public Service Commission.
 - 25 (b) Department for Environmental Protection.
 - 26 1. Office of the Commissioner.
 - 27 2. Division for Air Quality.

- 1 3. Division of Water.
- 2 4. Division of Environmental Program Support.
- 3 5. Division of Waste Management.
- 4 6. Division of Enforcement.
- 5 7. Division of Compliance Assistance.
- 6 (c) Department for Natural Resources.
- 7 1. Office of the Commissioner.
- 8 2. Division of Mine Permits.
- 9 3. Division of Mine Reclamation and Enforcement.
- 10 4. Division of Abandoned Mine Lands.
- 11 5. Division of Oil and Gas.
- 12 6. Division of Mine Safety.
- 13 7. Division of Forestry.
- 14 8. Division of Conservation.
- 15 9. Office of the Reclamation Guaranty Fund.
- 16 (d) Office of Energy Policy.
- 17 1. Division of Energy Assistance.
- 18 (e) Office of Administrative Services.
- 19 1. Division of Human Resources Management.
- 20 2. Division of Financial Management.
- 21 3. Division of Information Services.
- 22 (3) Public Protection Cabinet.
- 23 (a) Office of the Secretary.
- 24 1. Office of Communications and Public Outreach.
- 25 2. Office of Legal Services.
- 26 a. Insurance Legal Division.
- 27 b. Charitable Gaming Legal Division.

- 1 c. Alcoholic Beverage Control Legal Division.
- 2 d. Housing, Buildings and Construction Legal Division.
- 3 e. Financial Institutions Legal Division.
- 4 f. Professional Licensing Legal Division.
- 5 3. Office of Administrative Hearings.
- 6 4. Office of Administrative Services.
- 7 a. Division of Human Resources.
- 8 b. Division of Fiscal Responsibility.
- 9 (b) Office of Claims and Appeals.
- 10 1. Board of Tax Appeals.
- 11 2. Board of Claims.
- 12 3. Crime Victims Compensation Board.
- 13 (c) Kentucky Boxing and Wrestling Commission.
- 14 (d) Kentucky Horse Racing Commission.
- 15 1. Office of Executive Director.
- 16 a. Division of Pari-mutuel Wagering and Compliance.
- 17 b. Division of Stewards.
- 18 c. Division of Licensing.
- 19 d. Division of Enforcement.
- 20 e. Division of Incentives and Development.
- 21 f. Division of Veterinary Services.
- 22 (e) Department of Alcoholic Beverage Control.
- 23 1. Division of Distilled Spirits.
- 24 2. Division of Malt Beverages.
- 25 3. Division of Enforcement.
- 26 (f) Department of Charitable Gaming.
- 27 1. Division of Licensing and Compliance.

- 1 2. Division of Enforcement.
- 2 (g) Department of Financial Institutions.
- 3 1. Division of Depository Institutions.
- 4 2. Division of Non-Depository Institutions.
- 5 3. Division of Securities.
- 6 (h) Department of Housing, Buildings and Construction.
- 7 1. Division of Fire Prevention.
- 8 2. Division of Plumbing.
- 9 3. Division of Heating, Ventilation, and Air Conditioning.
- 10 4. Division of Building Code Enforcement.
- 11 (i) Department of Insurance.
- 12 1. Division of Health and Life Insurance and Managed Care.
- 13 2. Division of Property and Casualty Insurance.
- 14 3. Division of Administrative Services.
- 15 4. Division of Financial Standards and Examination.
- 16 5. Division of Licensing.
- 17 6. Division of Insurance Fraud Investigation.
- 18 7. Division of Consumer Protection.
- 19 (j) Department of Professional Licensing.
- 20 1. Real Estate Authority.
- 21 **(k) Kentucky Gaming Commission.**
- 22 (4) Transportation Cabinet:
- 23 (a) Department of Highways.
- 24 1. Office of Project Development.
- 25 2. Office of Project Delivery and Preservation.
- 26 3. Office of Highway Safety.
- 27 4. Highway District Offices One through Twelve.

- 1 (b) Department of Vehicle Regulation.
- 2 (c) Department of Aviation.
- 3 (d) Department of Rural and Municipal Aid.
- 4 1. Office of Local Programs.
- 5 2. Office of Rural and Secondary Roads.
- 6 (e) Office of the Secretary.
- 7 1. Office of Public Affairs.
- 8 2. Office for Civil Rights and Small Business Development.
- 9 3. Office of Budget and Fiscal Management.
- 10 4. Office of Inspector General.
- 11 5. Secretary's Office of Safety.
- 12 (f) Office of Support Services.
- 13 (g) Office of Transportation Delivery.
- 14 (h) Office of Audits.
- 15 (i) Office of Human Resource Management.
- 16 (j) Office of Information Technology.
- 17 (k) Office of Legal Services.
- 18 (5) Cabinet for Economic Development:
- 19 (a) Office of the Secretary.
- 20 1. Office of Legal Services.
- 21 2. Department for Business Development.
- 22 3. Department for Financial Services.
- 23 a. Kentucky Economic Development Finance Authority.
- 24 b. Finance and Personnel Division.
- 25 c. IT and Resource Management Division.
- 26 d. Compliance Division.
- 27 e. Incentive Administration Division.

- 1 f. Bluegrass State Skills Corporation.
- 2 4. Office of Marketing and Public Affairs.
- 3 a. Communications Division.
- 4 b. Graphics Design Division.
- 5 5. Office of Workforce, Community Development, and Research.
- 6 6. Office of Entrepreneurship and Small Business Innovation.
- 7 a. Commission on Small Business Innovation and Advocacy.
- 8 (6) Cabinet for Health and Family Services:
- 9 (a) Office of the Secretary.
- 10 1. Office of the Ombudsman and Administrative Review.
- 11 2. Office of Public Affairs.
- 12 3. Office of Legal Services.
- 13 4. Office of Inspector General.
- 14 5. Office of Human Resource Management.
- 15 6. Office of Finance and Budget.
- 16 7. Office of Legislative and Regulatory Affairs.
- 17 8. Office of Administrative Services.
- 18 9. Office of Application Technology Services.
- 19 10. Office of Data Analytics.
- 20 (b) Department for Public Health.
- 21 (c) Department for Medicaid Services.
- 22 (d) Department for Behavioral Health, Developmental and Intellectual
- 23 Disabilities.
- 24 (e) Department for Aging and Independent Living.
- 25 (f) Department for Community Based Services.
- 26 (g) Department for Income Support.
- 27 (h) Department for Family Resource Centers and Volunteer Services.

- 1 (i) Office for Children with Special Health Care Needs.
- 2 (7) Finance and Administration Cabinet:
- 3 (a) Office of the Secretary.
- 4 (b) Office of the Inspector General.
- 5 (c) Office of Legislative and Intergovernmental Affairs.
- 6 (d) Office of General Counsel.
- 7 (e) Office of the Controller.
- 8 (f) Office of Administrative Services.
- 9 (g) Office of Policy and Audit.
- 10 (h) Department for Facilities and Support Services.
- 11 (i) Department of Revenue.
- 12 (j) Commonwealth Office of Technology.
- 13 (k) State Property and Buildings Commission.
- 14 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 15 (m) Kentucky Employees Retirement Systems.
- 16 (n) Commonwealth Credit Union.
- 17 (o) State Investment Commission.
- 18 (p) Kentucky Housing Corporation.
- 19 (q) Kentucky Local Correctional Facilities Construction Authority.
- 20 (r) Kentucky Turnpike Authority.
- 21 (s) Historic Properties Advisory Commission.
- 22 (t) Kentucky Higher Education Assistance Authority.
- 23 (u) Kentucky River Authority.
- 24 (v) Kentucky Teachers' Retirement System Board of Trustees.
- 25 (w) Executive Branch Ethics Commission.
- 26 (x) Office of Fleet Management.
- 27 (8) Tourism, Arts and Heritage Cabinet:

- 1 (a) Kentucky Department of Tourism.
 - 2 1. Division of Tourism Services.
 - 3 2. Division of Marketing and Administration.
 - 4 3. Division of Communications and Promotions.
- 5 (b) Kentucky Department of Parks.
 - 6 1. Division of Information Technology.
 - 7 2. Division of Human Resources.
 - 8 3. Division of Financial Operations.
 - 9 4. Division of Purchasing.
 - 10 5. Division of Facilities.
 - 11 6. Division of Park Operations.
 - 12 7. Division of Sales, Marketing, and Customer Service.
 - 13 8. Division of Engagement.
 - 14 9. Division of Food Services.
 - 15 10. Division of Rangers.
- 16 (c) Department of Fish and Wildlife Resources.
 - 17 1. Division of Law Enforcement.
 - 18 2. Division of Administrative Services.
 - 19 3. Division of Engineering, Infrastructure, and Technology.
 - 20 4. Division of Fisheries.
 - 21 5. Division of Information and Education.
 - 22 6. Division of Wildlife.
 - 23 7. Division of Marketing.
- 24 (d) Kentucky Horse Park.
 - 25 1. Division of Support Services.
 - 26 2. Division of Buildings and Grounds.
 - 27 3. Division of Operational Services.

- 1 (e) Kentucky State Fair Board.
- 2 1. Office of Administrative and Information Technology Services.
- 3 2. Office of Human Resources and Access Control.
- 4 3. Division of Expositions.
- 5 4. Division of Kentucky Exposition Center Operations.
- 6 5. Division of Kentucky International Convention Center.
- 7 6. Division of Public Relations and Media.
- 8 7. Division of Venue Services.
- 9 8. Division of Personnel Management and Staff Development.
- 10 9. Division of Sales.
- 11 10. Division of Security and Traffic Control.
- 12 11. Division of Information Technology.
- 13 12. Division of the Louisville Arena.
- 14 13. Division of Fiscal and Contract Management.
- 15 14. Division of Access Control.
- 16 (f) Office of the Secretary.
- 17 1. Office of Finance.
- 18 2. Office of Government Relations and Administration.
- 19 (g) Office of Legal Affairs.
- 20 (h) Office of Human Resources.
- 21 (i) Office of Public Affairs and Constituent Services.
- 22 (j) Office of Arts and Cultural Heritage.
- 23 (k) Kentucky African-American Heritage Commission.
- 24 (l) Kentucky Foundation for the Arts.
- 25 (m) Kentucky Humanities Council.
- 26 (n) Kentucky Heritage Council.
- 27 (o) Kentucky Arts Council.

- 1 (p) Kentucky Historical Society.
- 2 1. Division of Museums.
- 3 2. Division of Oral History and Educational Outreach.
- 4 3. Division of Research and Publications.
- 5 4. Division of Administration.
- 6 (q) Kentucky Center for the Arts.
- 7 1. Division of Governor's School for the Arts.
- 8 (r) Kentucky Artisans Center at Berea.
- 9 (s) Northern Kentucky Convention Center.
- 10 (t) Eastern Kentucky Exposition Center.
- 11 (9) Personnel Cabinet:
- 12 (a) Office of the Secretary.
- 13 (b) Department of Human Resources Administration.
- 14 (c) Office of Employee Relations.
- 15 (d) Kentucky Public Employees Deferred Compensation Authority.
- 16 (e) Office of Administrative Services.
- 17 (f) Office of Legal Services.
- 18 (g) Governmental Services Center.
- 19 (h) Department of Employee Insurance.
- 20 (i) Office of Diversity, Equality, and Training.
- 21 (j) Office of Public Affairs.
- 22 (10) Education and Labor Cabinet:
- 23 (a) Office of the Secretary.
- 24 1. Office of Legal Services.
- 25 a. Workplace Standards Legal Division.
- 26 b. Workers' Claims Legal Division.
- 27 c. Workforce Development Legal Division.

- 1 2. Office of Administrative Services.
- 2 a. Division of Human Resources Management.
- 3 b. Division of Fiscal Management.
- 4 c. Division of Operations and Support Services.
- 5 3. Office of Technology Services.
- 6 a. Division of Information Technology Services.
- 7 4. Office of Policy and Audit.
- 8 5. Office of Legislative Services.
- 9 6. Office of Communications.
- 10 7. Office of the Kentucky Center for Statistics.
- 11 8. Board of the Kentucky Center for Statistics.
- 12 9. Early Childhood Advisory Council.
- 13 10. Governors' Scholars Program.
- 14 11. Governor's School for Entrepreneurs Program.
- 15 12. Foundation for Adult Education.
- 16 (b) Department of Education.
- 17 1. Kentucky Board of Education.
- 18 2. Kentucky Technical Education Personnel Board.
- 19 3. Education Professional Standards Board.
- 20 (c) Board of Directors for the Center for School Safety.
- 21 (d) Department for Libraries and Archives.
- 22 (e) Kentucky Environmental Education Council.
- 23 (f) Kentucky Educational Television.
- 24 (g) Kentucky Commission on the Deaf and Hard of Hearing.
- 25 (h) Department of Workforce Development.
- 26 1. Career Development Office.
- 27 2. Office of Vocational Rehabilitation.

- 1 a. Division of Kentucky Business Enterprise.
- 2 b. Division of the Carl D. Perkins Vocational Training Center.
- 3 c. Division of Blind Services.
- 4 d. Division of Field Services.
- 5 e. Statewide Council for Vocational Rehabilitation.
- 6 f. Employment First Council.
- 7 3. Office of Employer and Apprenticeship Services.
- 8 a. Division of Apprenticeship.
- 9 4. Kentucky Apprenticeship Council.
- 10 5. Division of Technical Assistance.
- 11 6. Office of Adult Education.
- 12 7. Office of the Kentucky Workforce Innovation Board.
- 13 (i) Department of Workplace Standards.
- 14 1. Division of Occupational Safety and Health Compliance.
- 15 2. Division of Occupational Safety and Health Education and
- 16 Training.
- 17 3. Division of Wages and Hours.
- 18 (j) Office of Unemployment Insurance.
- 19 (k) Kentucky Unemployment Insurance Commission.
- 20 (l) Department of Workers' Claims.
- 21 1. Division of Workers' Compensation Funds.
- 22 2. Office of Administrative Law Judges.
- 23 3. Division of Claims Processing.
- 24 4. Division of Security and Compliance.
- 25 5. Division of Specialist and Medical Services.
- 26 6. Workers' Compensation Board.
- 27 (m) Workers' Compensation Funding Commission.

- 1 (n) Kentucky Occupational Safety and Health Standards Board.
- 2 (o) State Labor Relations Board.
- 3 (p) Employers' Mutual Insurance Authority.
- 4 (q) Kentucky Occupational Safety and Health Review Commission.
- 5 (r) Workers' Compensation Nominating Committee.
- 6 (s) Office of Educational Programs.
- 7 (t) Kentucky Workforce Innovation Board.
- 8 (u) Kentucky Commission on Proprietary Education.
- 9 (v) Kentucky Work Ready Skills Advisory Committee.
- 10 (w) Kentucky Geographic Education Board.

11 III. Other departments headed by appointed officers:

- 12 (1) Council on Postsecondary Education.
- 13 (2) Department of Military Affairs.
- 14 (3) Department for Local Government.
- 15 (4) Kentucky Commission on Human Rights.
- 16 (5) Kentucky Commission on Women.
- 17 (6) Department of Veterans' Affairs.
- 18 (7) Kentucky Commission on Military Affairs.
- 19 (8) Office of Minority Empowerment.
- 20 (9) Governor's Council on Wellness and Physical Activity.
- 21 (10) Kentucky Communications Network Authority.

22 ➔Section 16. KRS 243.500 is amended to read as follows:

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

- 24 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
- 25 any illegal alcoholic beverages on the licensed premises.
- 26 (2) Making any false, material statements in an application or renewal application for a
- 27 license or supplemental license.

- 1 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 2 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,
- 3 or any act regulating the manufacture, sale, and transportation of alcoholic
- 4 beverages within two (2) consecutive years;
- 5 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
- 6 alcoholic beverages within two (2) consecutive years; or
- 7 (c) Any felony.
- 8 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any
- 9 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
- 10 Congress relative to taxation, or for a violation of any related administrative
- 11 regulations promulgated by the Department of Revenue.
- 12 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
- 13 and 243.610, or granted under any Act of Congress relative to the regulation of the
- 14 manufacture, sale, and transportation of alcoholic beverages.
- 15 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any
- 16 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
- 17 facility for betting or transmitting bets on horse races; or permitting to be set up,
- 18 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
- 19 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.
- 20 This subsection shall not apply to:
- 21 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 22 (b) The operation of a pari-mutuel system for betting, where authorized by law;
- 23 (c) The conduct of charitable gaming by a charitable organization licensed or
- 24 permitted under KRS Chapter 238;~~[-or]~~
- 25 (d) Special temporary raffles of alcoholic beverages under KRS 243.036; **or**
- 26 **(e) Licensees regulated under Sections 1 to 13 and 14 of this Act.**
- 27 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:

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

8 ➔Section 17. For initial commission appointments to the Kentucky Gaming
9 Commission:

- 10 (a) One (1) member shall be appointed for a one (1) year term;
- 11 (b) Two (2) members shall be appointed for two (2) year terms;
- 12 (c) Two (2) members shall be appointed for three (3) year terms; and
- 13 (d) Two (2) members shall be appointed for four (4) year terms.