

1 AN ACT relating to equine within Kentucky.

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

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

- 4 (1) (a) Before August 1, 2022, except as provided in paragraph (e) of this subsection  
5 and subsection (3) of this section, an excise tax is imposed on all tracks  
6 conducting pari-mutuel wagering on live racing under the jurisdiction of the  
7 commission as follows:
- 8 1. For each track with a daily average live handle of one million two  
9 hundred thousand dollars (\$1,200,000) or above, the tax shall be in the  
10 amount of three and one-half percent (3.5%) of all money wagered on  
11 live races at the track during the fiscal year; and
- 12 2. For each track with a daily average live handle under one million two  
13 hundred thousand dollars (\$1,200,000), the tax shall be one and one-half  
14 percent (1.5%) of all money wagered on live races at the track during  
15 the fiscal year.
- 16 (b) Beginning August 1, 2022, the excise tax imposed on all tracks conducting  
17 pari-mutuel wagering on live racing under jurisdiction of the commission  
18 shall be one and one-half percent (1.5%) of all money wagered on live races  
19 at the track during the fiscal year.
- 20 (c) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting  
21 pari-mutuel wagering on historical horse races under the jurisdiction of the  
22 commission at a rate of one and one-half percent (1.5%) of all money wagered  
23 on historical horse races at the track during the fiscal year.
- 24 (d) Money shall be deducted from the tax paid under paragraphs (a), (b), and (c)  
25 of this subsection and deposited as follows:
- 26 1. a. Before August 1, 2022, an amount equal to three-quarters of one  
27 percent (0.75%) of all money wagered on live races and historical

1 horse races at the track for Thoroughbred racing shall be deposited  
2 in the Thoroughbred development fund established in KRS  
3 230.400; and

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

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

- 26 b. Beginning August 1, 2022, an amount equal to one percent (1%)  
27 of all money wagered on historical horse races at the track for

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

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

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

22 a. To the equine industry program trust and revolving fund  
23 established by KRS 230.550 to support the Equine Industry  
24 Program at the University of Louisville, except that the amount  
25 deposited from money wagered on historical horse races in any  
26 fiscal year shall not exceed eight hundred fifty thousand dollars  
27 (\$850,000);

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

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

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

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

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

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

24 (e) The excise tax imposed by paragraphs (a) and (b) of this subsection shall not  
25 apply to pari-mutuel wagering on live harness racing at a county fair.

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

- 1           1. All tracks conducting telephone account wagering;
- 2           2. All tracks participating as receiving tracks in intertrack wagering under
- 3             the jurisdiction of the commission; and
- 4           3. All tracks participating as receiving tracks displaying simulcasts and
- 5             conducting interstate wagering thereon.
- 6       (b) 1. Before August 1, 2022, the tax shall be three percent (3%) of all money
- 7             wagered on races as provided in paragraph (a) of this subsection during
- 8             the fiscal year.
- 9           2. Beginning August 1, 2022, the tax shall be one and one-half percent
- 10           (1.5%) of all money wagered on races as provided in paragraph (a) of
- 11           this subsection during the fiscal year.
- 12       (c) A noncontiguous track facility approved by the commission on or after
- 13           January 1, 1999, shall be exempt from the tax imposed under this subsection,
- 14           if the facility is established and operated by a licensed track which has a total
- 15           annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
- 16           or less. The amount of money exempted under this paragraph shall be retained
- 17           by the noncontiguous track facility, KRS 230.3771 and 230.378
- 18           notwithstanding.
- 19       (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
- 20           this subsection as follows:
- 21           1. An amount equal to one percent (1%) of the amount wagered shall be
- 22             deposited as follows:
- 23             a. In the Thoroughbred development fund established in KRS
- 24               230.400 if the host track is conducting a Thoroughbred race
- 25               meeting or the interstate wagering is conducted on a Thoroughbred
- 26               race meeting;
- 27             b. In the Kentucky standardbred development fund established in

- 1 KRS 230.770, if the host track is conducting a harness race  
2 meeting or the interstate wagering is conducted on a harness race  
3 meeting; or
- 4 c. In the Kentucky quarter horse, paint horse, Appaloosa, and  
5 Arabian development fund established by KRS 230.445, if the host  
6 track is conducting a quarter horse, paint horse, Appaloosa, or  
7 Arabian horse race meeting or the interstate wagering is conducted  
8 on a quarter horse, paint horse, Appaloosa, or Arabian horse race  
9 meeting;
- 10 2. An amount equal to twenty-five thousandths of one percent (0.025%) of  
11 the amount wagered shall be allocated to the equine industry program  
12 trust and revolving fund established by KRS 230.550 to be used to  
13 support the Equine Industry Program at the University of Louisville;
- 14 3. An amount equal to one-twentieth of one percent (0.05%) of the amount  
15 wagered shall be deposited in a trust and revolving fund to be used for  
16 the construction, expansion, or renovation of facilities or the purchase of  
17 equipment for equine programs at state universities, as detailed in  
18 subsection (1)(d)5. of this section; and
- 19 4. An amount equal to one-twentieth of one percent (0.05%) of the amount  
20 wagered shall be distributed to the commission to support equine drug  
21 testing as provided in KRS 230.265(3).
- 22 (3) If a host track in this state is the location for the conduct of a two (2) day  
23 international horse racing event that distributes in excess of a total of twenty million  
24 dollars (\$20,000,000) in purses and awards:
- 25 (a) The excise tax imposed by subsection (1)(a) and (b) of this section shall not  
26 apply to money wagered at the track on live races conducted at the track  
27 during the two (2) day international horse racing event;~~and~~

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

5 (c) The Tourism, Arts and Heritage Cabinet shall be granted a race title  
6 sponsorship and promotional package at the two (2) day international horse  
7 racing event with all usual and customary benefits assigned to promote  
8 Kentucky tourism. The Tourism, Arts and Heritage Cabinet shall not be  
9 charged any fees for the promotional package.

10 (4) If a host track in this state is the location for an international harness racing  
11 event spanning over multiple days and distributing at least five million dollars  
12 (\$5,000,000), the Tourism, Arts and Heritage Cabinet shall be granted a race title  
13 sponsorship and promotional package at the international harness racing event  
14 with all usual and customary benefits assigned to promote Kentucky tourism. The  
15 Tourism, Arts and Heritage Cabinet shall not be charged any fees for the  
16 promotional package.

17 (5)~~[(4)]~~ The taxes imposed by this section shall be paid, collected, and administered as  
18 provided in KRS 138.530.

19 ➔Section 2. KRS 230.770 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 standardbred development fund,  
22 consisting of money allocated to the fund under the provisions of KRS 138.510,  
23 together with any other money contributed to or allocated to the fund from all other  
24 sources. For the purposes of this section, "development fund" or "fund" means the  
25 Kentucky standardbred development fund. Money to the credit of the development  
26 fund shall be distributed by the Treasurer for the purposes provided in this section,  
27 upon authorization of the Kentucky Horse Racing Commission and upon approval



1 of the secretary of the Finance and Administration Cabinet. Money to the credit of  
2 the fund at the end of each fiscal year shall not lapse but shall be carried forward in  
3 the fund to the succeeding fiscal year.

4 (2) The Kentucky Horse Racing Commission shall use the development fund to  
5 promote races, and to provide purses for races, for Kentucky-bred standardbred  
6 horses.

7 (3) The racing commission shall provide for distribution of money to the credit of the  
8 development fund to persons, corporations, or associations operating licensed  
9 standardbred race tracks within Kentucky on an equitable basis, for the purpose of  
10 conducting separate races for Kentucky-bred standardbred horses, both trotting and  
11 pacing.

12 (4) Money distributed from the development fund:

13 (a) To licensed standardbred race tracks within the Commonwealth shall be used  
14 exclusively to promote races and provide purses for races conditioned to  
15 admit ~~only~~ Kentucky-bred standardbred horses;

16 (b) In the amount of one million dollars (\$1,000,000) shall be allocated to a  
17 Kentucky track hosting an international harness racing event spanning over  
18 multiple days and distributing at least five million dollars (\$5,000,000); and

19 (c) In an amount not to exceed two million dollars (\$2,000,000) may be  
20 allocated to fund overnight purses.

21 (5) The Kentucky Horse Racing Commission shall fix the amount of money to be paid  
22 from the development fund to be added to the purse provided for each race by the  
23 licensed operator of the track; shall fix the dates and conditions of races to be held  
24 by licensed race tracks; and shall promulgate administrative regulations necessary  
25 to carry out the provisions of this section.

26 (6) The Kentucky Horse Racing Commission may promulgate administrative  
27 regulations necessary to determine the eligibility of horses for entry in races for

1        which a portion of the purse is provided by money of the development fund,  
2        including administrative regulations for the eligibility, residency, and registration of  
3        mares, stallions, and progeny thereof. Registration of stallions may occur any time  
4        during the breeding season, but shall occur no later than December 31 of the year of  
5        conception of the eligible horse.

6    (7) The Kentucky Horse Racing Commission shall appoint qualified personnel  
7        necessary to supervise registration of, or determination of eligibility of, horses  
8        entitled to entry in races, a portion of the purse of which is provided by the  
9        development fund, to assist the racing commission in determining the conditions,  
10       class, and quality of the fund supported race program to be established hereunder so  
11       as to carry out the purposes of this section. These persons shall serve at the pleasure  
12       of the racing commission and compensation shall be fixed by the racing  
13       commission. The compensation of personnel and necessary expenses shall be paid  
14       out of the development fund. The racing commission shall promulgate  
15       administrative regulations to carry out the provisions of this section, and shall  
16       administer the Kentucky sire stakes program created hereby in a manner best  
17       designed to promote and aid in the development of the horse industry in Kentucky;  
18       to upgrade the quality of racing in Kentucky; and to improve the quality of horses  
19       bred in Kentucky.