

1 AN ACT relating to the horse industry and making an appropriation therefore.

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

3 ➔Section 1. KRS 230.210 is amended to read as follows:

4 As used in this chapter, unless the context requires otherwise:

- 5 (1) "Advance deposit account wagering" means a form of pari-mutuel wagering in
6 which an individual may establish an account with a person or entity licensed by the
7 racing commission, and may place a pari-mutuel wager through that account that is
8 permitted by law;
- 9 (2) "Advance deposit account wagering licensee" means a person or entity licensed by
10 the racing commission to conduct advance deposit account wagering and accept
11 deposits and wagers, issue a receipt or other confirmation to the account holder
12 evidencing such deposits and wagers, and transfer credits and debits to and from
13 accounts;
- 14 (3) "Amateur youth sporting event" means any sporting event in which an individual:
15 (a) Shall be less than eighteen (18) years of age to participate; and
16 (b) Is prohibited, as a condition of participating in the sporting event, from
17 receiving direct or indirect compensation for the use of the individual's
18 athletic skill in any manner with respect to the sport in which the particular
19 sporting event is conducted;
- 20 (4) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in which
21 each horse participating in the race is registered with the Appaloosa Horse Club of
22 Moscow, Idaho, and is mounted by a jockey;
- 23 (5) "Arabian" means a horse that is registered with the Arabian Horse Registry of
24 Denver, Colorado;
- 25 (6) "Association" means any person licensed by the Kentucky Horse Racing
26 Commission under KRS 230.300 and engaged in the conduct of a recognized horse
27 race meeting;

- 1 (7) "Geofence" means a virtual geographic boundary defined by Global Positioning
2 System (GPS) or Radio Frequency Identification (RFID) technology;
- 3 (8) "Harness race" or "harness racing" means trotting and pacing races of the
4 standardbred horses;
- 5 (9) "Horse race meeting" means horse racing run at an association licensed and
6 regulated by the Kentucky Horse Racing Commission, and may include
7 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;
- 8 (10) "Host track" means the track conducting racing and offering its racing for intertrack
9 wagering, or, in the case of interstate wagering, means the Kentucky track
10 conducting racing and offering simulcasts of races conducted in other states or
11 foreign countries;
- 12 (11) "Intertrack wagering" means pari-mutuel wagering on simulcast horse races from a
13 host track by patrons at a receiving track;
- 14 (12) "Interstate wagering" means pari-mutuel wagering on simulcast horse races from a
15 track located in another state or foreign country by patrons at a receiving track or
16 simulcast facility;
- 17 (13) "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund" means a
18 purse fund established to receive funds as specified in KRS 230.3771 for purse
19 programs established in KRS 230.446 to supplement purses for quarter horse, paint
20 horse, Appaloosa, and Arabian horse races. The purse program shall be
21 administered by the Kentucky Horse Racing Commission;
- 22 (14) "Kentucky resident" means:
- 23 (a) An individual domiciled within this state;
- 24 (b) An individual who maintains a place of abode in this state and spends, in the
25 aggregate, more than one hundred eighty-three (183) days of the calendar year
26 in this state; or
- 27 (c) An individual who lists a Kentucky address as his or her principal place of

1 residence when applying for an account to participate in advance deposit
2 account wagering;

3 (15) "Licensed facility for sports wagering" means the designated areas to conduct
4 sports wagering for a track licensed to conduct sports wagering pursuant to KRS
5 230.811;

6 (16) "Licensed premises" means a track or simulcast facility licensed by the racing
7 commission under this chapter;

8 (17) "Paint horse" means a horse registered with the American Paint Horse Association
9 of Fort Worth, Texas;

10 (18) "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutuel wagering"
11 each means any method of wagering previously or hereafter approved by the racing
12 commission in which one (1) or more patrons wager on a horse race or races,
13 whether live, simulcast, or previously run. Wagers shall be placed in one (1) or
14 more wagering pools, and wagers on different races or sets of races may be pooled
15 together. Patrons may establish odds or payouts, and winning patrons share in
16 amounts wagered including any carryover amounts, plus any amounts provided by
17 an association less any deductions required, as approved by the racing commission
18 and permitted by law. Pools may be paid out incrementally over time as approved
19 by the racing commission;

20 (19) "Person" means an individual, sole proprietorship, partnership, association,
21 fiduciary, corporation, limited liability company, or any other business entity;

22 (20) "Principal" means any of the following individuals associated with a partnership,
23 trust, association, limited liability company, or corporation that is licensed to
24 conduct a horse race meeting or an applicant for a license to conduct a horse race
25 meeting:

26 (a) The chairman and all members of the board of directors of a corporation;

27 (b) All partners of a partnership and all participating members of a limited

- 1 liability company;
- 2 (c) All trustees and trust beneficiaries of an association;
- 3 (d) The president or chief executive officer and all other officers, managers, and
4 employees who have policy-making or fiduciary responsibility within the
5 organization;
- 6 (e) All stockholders or other individuals who own, hold, or control, either directly
7 or indirectly, five percent (5%) or more of stock or financial interest in the
8 collective organization; and
- 9 (f) Any other employee, agent, guardian, personal representative, or lender or
10 holder of indebtedness who has the power to exercise a significant influence
11 over the applicant's or licensee's operation;
- 12 (21) "Quarter horse" means a horse that is registered with the American Quarter Horse
13 Association of Amarillo, Texas;
- 14 (22) "Racing commission" means the Kentucky Horse Racing Commission;
- 15 (23) "Receiving track" means a track where simulcasts are displayed for wagering
16 purposes. A track that submits an application for intertrack wagering shall meet all
17 the regulatory criteria for granting an association license of the same breed as the
18 host track, and shall have a heated and air-conditioned facility that meets all state
19 and local life safety code requirements and seats a number of patrons at least equal
20 to the average daily attendance for intertrack wagering on the requested breed in the
21 county in which the track is located during the immediately preceding calendar
22 year;
- 23 (24) "Simulcast facility" means any facility approved pursuant to the provisions of KRS
24 230.380 to simulcast live racing and conduct pari-mutuel wagering on live racing;
- 25 (25) "Simulcasting" means the telecast of live audio and visual signals of horse races for
26 the purpose of pari-mutuel wagering;
- 27 (26) "Sporting event" means an event at which two (2) or more persons participate in

1 athletic contests, or an event that takes place in relation to athletic contests as
2 approved by the racing commission but shall not include horse racing or amateur
3 youth sports or athletic events in which the majority of participants are under the
4 age of eighteen (18);

5 (27) "Sports governing body" means the organization, league, or association that
6 oversees a sport, prescribes final rules, and enforces codes of conduct with respect
7 to such sport and participants therein;

8 (28) "Sports wagering" means the wagering conducted under this chapter on sporting
9 events or portions of sporting events, or on the individual performance statistics of
10 athletes in a sporting event or combination of sporting events, in conformance with
11 federal law and as authorized by the racing commission pursuant to this chapter;

12 (29) "Sports wagering device" means a mechanical, electrical, or computerized
13 contrivance, terminal, device, apparatus, software, piece of equipment, or supply
14 approved by the racing commission for conducting sports wagering under this
15 chapter. This term includes a personal computer, mobile device, or other device
16 used in connection with sports wagering not conducted at a licensed facility for
17 sports wagering;

18 (30) "Sports wagering service provider" or "service provider" means a person authorized
19 to conduct or manage sports wagering through an agreement with a track and
20 provide these services at a licensed facility for sports wagering, simulcast facility,
21 or through a website or mobile interface approved by the racing commission;

22 (31) "Telephone account wagering" means a form of pari-mutuel wagering where an
23 individual may deposit money in an account at a track and may place a wager by
24 direct telephone call or by communication through other electronic media owned by
25 the holder of the account to the track;

26 (32) "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing in
27 which each horse participating in the race is a Thoroughbred, (i.e., meeting the

1 requirements of and registered with The Jockey Club of New York) and is mounted
 2 by a jockey;~~and~~

3 (33) "Track" means any association duly licensed by the Kentucky Horse Racing
 4 Commission to conduct horse racing and shall include:

5 (a) For facilities in operation as of 2010, the location and physical plant described
 6 in the "Commonwealth of Kentucky Initial/Renewal Application for License
 7 to Conduct Live Horse Racing, Simulcasting, and Pari-Mutuel Wagering,"
 8 filed for racing to be conducted in 2010;

9 (b) Real property of an association, if the association received or receives
 10 approval from the racing commission after 2010 for a location at which live
 11 racing is to be conducted; or

12 (c) One (1) facility or real property that is:

13 1. Owned, leased, or purchased by an association within a sixty (60) mile
 14 radius of the association's racetrack but not contiguous to racetrack
 15 premises, upon racing commission approval; and

16 2. Not within a sixty (60) mile radius of another licensed track premise
 17 where live racing is conducted and not within a forty (40) mile radius of
 18 a simulcast facility, unless any affected track or simulcast facility agrees
 19 in writing to permit a noncontiguous facility within the protected
 20 geographic area; and

21 **(34) "Unclaimed pari-mutuel winning ticket":**

22 **(a) Means the proof of wager that would require payment of winnings upon**
 23 **submission to the track, but has been presumed abandoned under Section 2**
 24 **of this Act;**

25 **(b) Includes proof of wagers from:**

26 **a. Live racing;**

27 **b. Simulcasting; and**

1 *c. Previously run horse races, for which the abandoned wagers shall be*
2 *separated from live racing and simulcasting abandoned wagers, and*
3 *distributed in the manner provided in Section 4 of this Act; and*
4 *(c) Proof of wagers includes any paper, card, certificate, token, ticket,*
5 *voucher, electronic statement, or electronic credit which indicates that*
6 *winnings are due to the ticket holder from the track.*

7 ➔Section 2. KRS 230.361 is amended to read as follows:

- 8 (1) (a) The racing commission shall promulgate administrative regulations governing
9 and regulating mutuel wagering on horse races under what is known as the
10 pari-mutuel system of wagering.
- 11 (b) The wagering shall be conducted only by a person licensed under this chapter
12 to conduct a race meeting and only upon the licensed premises, and provided
13 further that only pari-mutuel wagering on simulcasting shall be allowed at
14 simulcast facilities.
- 15 (c) The pari-mutuel system of wagering shall be operated only by a totalizator or
16 other mechanical equipment approved by the racing commission. The racing
17 commission shall not require any particular make of equipment.
- 18 (2) The racing commission shall promulgate administrative regulations governing and
19 regulating sports wagering, including administrative regulations for the deposit of
20 funds by credit or debit cards or other means of electronic funds transfer. The
21 racing commission shall promulgate administrative regulations to establish a fully
22 functioning sports wagering system within six (6) months after June 29, 2023.
- 23 (3) The operation of a pari-mutuel system for betting, or the conduct of sports
24 wagering, where authorized by law shall not constitute grounds for the revocation
25 or suspension of any license issued and held under KRS 242.1238 and 243.265.
- 26 (4) *The racing commission shall promulgate administrative regulations in*
27 *accordance with KRS Chapter 13A governing* all reported but unclaimed pari-

1 mutuel winning tickets held in this state by any person or association operating a
2 pari-mutuel or similar system of betting ~~at horse race meetings~~. **The unclaimed**
3 **pari-mutuel winning tickets** shall be presumed abandoned if not claimed by the
4 person entitled to them within one (1) year from the time the ticket became payable.

5 (5) The racing commission may issue a license to conduct pari-mutuel wagering on
6 steeple chases or other racing over jumps; if all proceeds from the wagering, after
7 expenses are deducted, is used for charitable purposes. If the dates requested for
8 such a license have been granted to a track within a forty (40) mile radius of the
9 race site, the racing commission shall not issue a license until it has received written
10 approval from the affected track. Pari-mutuel wagering licensed and approved
11 under this subsection shall be limited to four (4) days per year. All racing and
12 wagering authorized by this subsection shall be conducted in accordance with
13 applicable administrative regulations promulgated by the racing commission.

14 ➔Section 3. KRS 230.225 is amended to read as follows:

15 (1) The Kentucky Horse Racing Commission is created as an independent agency of
16 state government to regulate the conduct of horse racing and pari-mutuel wagering
17 on horse racing, sports wagering, and related activities within the Commonwealth
18 of Kentucky. The racing commission shall be attached to the Public Protection
19 Cabinet for administrative purposes.

20 (2) (a) The Kentucky Horse Racing Commission shall consist of fifteen (15)
21 members appointed by the Governor, with the secretaries of the Public
22 Protection Cabinet, Tourism, Arts and Heritage Cabinet, and Economic
23 Development Cabinet, or their designees, serving as ex officio nonvoting
24 members.

25 (b) Two (2) members shall have no financial interest in the business or industry
26 regulated.

27 (c) The members of the racing commission shall be appointed to serve for a term

1 of four (4) years, except the initial terms shall be staggered as follows:

- 2 1. Five (5) members shall serve for a term of four (4) years;
- 3 2. Five (5) members shall serve for a term of three (3) years; and
- 4 3. Five (5) members shall serve for a term of two (2) years.

5 (d) Any member appointed to fill a vacancy occurring other than by expiration of
6 a term shall be appointed for the remainder of the unexpired term.

7 (e) In making appointments, the Governor may consider members broadly
8 representative of the Thoroughbred industry and members broadly
9 representative of the standardbred, quarter horse, Appaloosa, or Arabian
10 industries. The Governor may also consider recommendations from the
11 Kentucky Thoroughbred Owners and Breeders, Inc., the Kentucky Division of
12 the Horsemen's Benevolent and Protective Association, the Kentucky Harness
13 Horsemen's Association, and other interested organizations.

14 (3) (a) Members of the racing commission shall receive no compensation for serving
15 on the commission, but shall be reimbursed for travel expenses for attending
16 meetings and performing other official functions consistent with the
17 reimbursement policy for state employees established by KRS 45.101 and
18 administrative regulations promulgated thereunder.

19 (b) The Governor shall appoint one (1) member of the racing commission to serve
20 as its chairperson who shall serve at the pleasure of the Governor.

21 (c) The Governor shall further designate a second member to serve as vice chair
22 with authority to act in the absence of the chairperson.

23 (d) Before entering upon the discharge of their duties, all members of the
24 Kentucky Horse Racing Commission shall take the constitutional oath of
25 office.

26 (4) (a) The racing commission shall establish and maintain a general office for the
27 transaction of its business and may in its discretion establish a branch office

1 or offices.

2 (b) The racing commission may hold meetings at any of its offices or at any other
3 place when the convenience of the racing commission requires.

4 (c) All meetings of the racing commission shall be open and public, and all
5 persons shall be permitted to attend meetings.

6 (d) A majority of the voting members of the racing commission shall constitute a
7 quorum for the transaction of its business or exercise of any of its powers.

8 (5) Except as otherwise provided, the racing commission shall be responsible for the
9 following:

10 (a) Developing and implementing programs designed to ensure the safety and
11 well-being of horses, jockeys, and drivers;

12 (b) Developing programs and procedures that will aggressively fulfill its
13 oversight and regulatory role on such matters as medical practices and
14 integrity issues;

15 (c) Recommending tax incentives and implementing incentive programs to ensure
16 the strength and growth of the equine industry;

17 (d) Designing and implementing programs that strengthen the ties between
18 Kentucky's horse industry and the state's universities, with the goal of
19 significantly increasing the economic impact of the horse industry on
20 Kentucky's economy, improving research for the purpose of promoting the
21 enhanced health and welfare of the horse, and other related industry issues;

22 (e) Developing and supporting programs which ensure that Kentucky remains in
23 the forefront of equine research;

24 (f) Developing monitoring programs to ensure the highest integrity of sporting
25 events and sports wagering;~~and~~

26 (g) Developing a program to share wagering information with sports governing
27 bodies upon which sports wagering may be conducted. The program shall be

1 designed to assist the racing commission in determining potential problems or
2 questionable activity and provide reports to sports governing bodies
3 effectively; and

4 (h) Annually determining the distribution and use of funds among the purposes
5 listed in Section 4 of this Act from the portion of unclaimed pari-mutuel
6 winning tickets related to previously run horse racing.

7 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
8 READ AS FOLLOWS:

9 (1) All sums reported and paid to the racing commission under the provisions of KRS
10 230.361 to 230.373 by any licensee relating to unclaimed pari-mutuel winning
11 tickets resulting from previously run horse races shall be allocated by the racing
12 commission as follows:

13 (a) For Thoroughbreds, standardbreds, quarter horses, paint horses,
14 Appaloosas, or Arabian horses by distributing:

15 1. Twenty five percent (25%) for programs related to the health and
16 welfare of horse owners, trainers, jockeys, valets, exercise riders,
17 grooms, stable attendants, pari-mutuel clerks, and other racing
18 personnel employed in connection with racing, and their spouses and
19 children, who can demonstrate their need for financial assistance
20 connected with death, illness, or off-the-job injury and are not
21 otherwise covered by union health and welfare plans, workers'
22 compensation, Social Security, public welfare, or any type of health,
23 medical, death, or accident insurance;

24 2. Sixty five percent (65%) for backside health, safety, or track and
25 facility improvements, at a licensed track in Kentucky under a cost-
26 sharing program, within the following guidelines:

27 a. As a condition for receiving moneys under this subparagraph, an

1 applicant shall agree to comply with all requirements that racing
2 commission determines within the administrative regulations
3 promulgated under Section 2 of this Act;

4 b. The moneys in this subparagraph shall be granted on a cost
5 share basis in which an approved applicant shall provide a fifty
6 percent (50%) match to the grant amount; and

7 c. The moneys in this subparagraph shall be used for backside
8 health and safety improvements, as well as backside construction
9 projects, including barns, living quarters, kitchens, dormitories,
10 and recreational areas; and

11 (b) For the Kentucky problem gambling assistance account established by KRS
12 230.826 by transferring ten percent (10%) for that program; and

13 (2) The racing commission shall promulgate administrative regulations in
14 accordance with KRS Chapter 13A to establish the allocation and approval
15 process, time frame, and distribution of moneys under subsection (1) of this
16 section.

17 ➔Section 5. KRS 230.374 is amended to read as follows:

18 All sums reported and paid to the racing commission under the provisions of KRS
19 230.361 to 230.373, with the exception of funds paid under Section 4 of this Act and
20 KRS 230.398, shall be paid by the racing commission to the Kentucky Racing Health and
21 Welfare Fund, Inc., a nonprofit charitable corporation, organized for the benefit, aid,
22 assistance, and relief of Thoroughbred owners, trainers, jockeys, valets, exercise riders,
23 grooms, stable attendants, pari-mutuel clerks, and other Thoroughbred racing personnel
24 employed in connection with racing, and their spouses and children, who can demonstrate
25 their need for financial assistance connected with death, illness, or off-the-job injury and
26 are not otherwise covered by union health and welfare plans, workers' compensation,
27 Social Security, public welfare, or any type of health, medical, death, or accident

1 insurance. These sums shall be paid on or before December 31 in each year, however, no
2 payments shall be made by the racing commission to the Kentucky Racing Health and
3 Welfare Fund, Inc., unless the racing commission and the Auditor of Public Accounts are
4 satisfied that the fund is in all respects being operated for the charitable and benevolent
5 purposes as set forth in this section and that no part of the funds paid to the fund by the
6 racing commission or any net earnings of the fund inure to the benefit of any private
7 individual, director, officer, or member of the fund or any of the persons who turned over
8 sums to the racing commission representing unclaimed pari-mutuel tickets.

9 →Section 6. KRS 138.513 is amended to read as follows:

- 10 (1) (a) Beginning August 1, 2014, but before August 1, 2022, an excise tax is
11 imposed on all advance deposit account wagering licensees licensed under
12 KRS 230.260 at a rate of one-half of one percent (0.5%) of all amounts
13 wagered through the licensee by Kentucky residents; and
- 14 (b) Beginning August 1, 2022, an excise tax is imposed on all advance deposit
15 account wagering licensees licensed under KRS 230.260~~[138.675]~~ at a rate of
16 one and one-half percent (1.5%) of all amounts wagered through the licensee
17 by Kentucky residents.
- 18 (2) The tax imposed by this section shall be paid, collected, administered, and
19 distributed as provided in KRS 138.530.