

1 AN ACT relating to gaming.

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

27 **(7) "Athlete":**

1 (a) Means a professional or amateur competitor in a real-world lawful sporting  
2 event or an organized video game competition that is:

3 1. Regulated by a sports governing body; and

4 2. Held between participants who compete individually or as a team; and

5 (b) Includes equine competitors;

6 ~~(8)~~~~(7)~~ "Charitable gaming" means gaming licensed by the corporation on and after  
7 July 1, 2025, as authorized under this chapter and KRS Chapter 238;

8 ~~(9)~~~~(8)~~ "Corporation" means the Kentucky Horse Racing and Gaming Corporation;

9 (10) "Event contract" means:

10 (a) An agreement, contract, transaction, or swap in an excluded commodity  
11 described in 7 U.S.C. sec. 1a(19)(iv), as amended; or

12 (b) A speculative position based on:

13 1. A binary outcome, such as "yes" or "no," which is tied to a particular  
14 future event; or

15 2. One (1) of several possible future outcomes tied to a particular future  
16 event;

17 (11) "Fantasy contest entry fee" means the cash or cash equivalent that is required to  
18 be paid by a fantasy contest participant in advance to a fantasy contest service  
19 provider in order to participate in a fantasy contest;

20 (12) "Fantasy contest":

21 (a) Means any online fantasy or simulated game or contest that meets the  
22 following conditions:

23 1. a. There are no fewer than two (2) fantasy contest participants.

24 b. i. All fantasy contest participants are natural persons; and

25 ii. A fantasy contest service provider shall not be construed to  
26 be a participant;

27 2. a. The values of all prizes offered to winning fantasy contest

- 1 participants are established and made known to fantasy contest  
2 participants in advance of the contest.
- 3 b. Multiple winning participants may share a prize.
- 4 c. Prizes may consist of fixed amounts, tiered payouts, or other  
5 conditional bonus payouts, provided that all prize structures are  
6 disclosed in advance by the fantasy contest service provider;
- 7 3. All winning outcomes reflect the relative knowledge and skill of the  
8 fantasy contest participant and are determined predominantly by the  
9 accumulated statistical performance or finishing position of multiple  
10 athletes across one (1) or more real-world sporting events;
- 11 4. Fantasy contest participants assemble a fictional entry or roster of  
12 actual athletes and exercise management or selection control over the  
13 roster;
- 14 5. Fantasy contest participants compete for prizes awarded by a fantasy  
15 contest service provider based on terms and conditions published by  
16 the fantasy contest service provider and made known to the fantasy  
17 contest participant in advance of the contest;
- 18 6. Winning outcomes are determined by clearly established scoring  
19 criteria based on one (1) or more statistical results of the performance  
20 of an individual athlete, including but not limited to a fantasy score;
- 21 7. A winning outcome is not based:
- 22 a. On the score, point spread, or outcome of a single real-world  
23 team or combination of teams; or
- 24 b. Solely on any single performance of an individual athlete or  
25 participant in any single actual event; and
- 26 8. The game or contest does not violate any provision of federal law;
- 27 (b) Includes contests in which fantasy contest participants compete against

1 each other; and

2 (c) Does not include any fantasy contest:

3 1. Without a fantasy contest entry fee; or

4 2. Betting against the fantasy contest service provider.

5 (13) "Fantasy contest service provider":

6 (a) Means a person or entity that offers fantasy contests to the general public;

7 and

8 (b) Does not include an internet service provider or a provider of mobile data

9 services merely as a result of that provider's transporting of general traffic

10 that may include a fantasy contest;

11 (14) "Fantasy contest participant" means any individual physically present in the

12 Commonwealth who participates in a fantasy contest offered by a fantasy contest

13 service provider;

14 (15) "Fixed-odds wagering" means a form of betting in which the payout odds are set

15 and agreed upon at the time the wager is placed and those odds do not change,

16 regardless of subsequent market movement or betting activity;

17 (16) [(9)] "Geofence" means a virtual geographic boundary defined by Global  
18 Positioning System (GPS) or Radio Frequency Identification (RFID) technology;

19 (17) [(10)] "Harness race" or "harness racing" means trotting and pacing races of the  
20 standardbred horses;

21 (18) [(11)] "Horse race meeting" means horse racing run at an association licensed and  
22 regulated by the Kentucky Horse Racing and Gaming Corporation, and may include  
23 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;

24 (19) [(12)] "Host track" means the track conducting racing and offering its racing for  
25 intertrack wagering, or, in the case of interstate wagering, means the Kentucky  
26 track conducting racing and offering simulcasts of races conducted in other states or  
27 foreign countries;

1 ~~(20)~~~~(13)~~ "Interstate wagering" means pari-mutuel wagering on simulcast horse races  
2 from a track located in another state or foreign country by patrons at a receiving  
3 track or simulcast facility;

4 ~~(21)~~~~(14)~~ "Intertrack wagering" means pari-mutuel wagering on simulcast horse races  
5 from a host track by patrons at a receiving track;

6 ~~(22)~~~~(15)~~ "Kentucky paint horse, Appaloosa, and Arabian purse fund" means a purse  
7 fund established to receive funds as specified in KRS 230.3771 for purse programs  
8 established in KRS 230.446 to supplement purses for paint horse, Appaloosa, and  
9 Arabian horse races. The purse program shall be administered by the Kentucky  
10 Horse Racing and Gaming Corporation;

11 ~~(23)~~~~(16)~~ "Kentucky quarter horse purse fund" means a purse fund established to  
12 receive funds as specified in KRS 230.3771 for purse programs established in KRS  
13 230.407 to supplement purses for quarter horse races. The purse program shall be  
14 administered by the Kentucky Horse Racing and Gaming Corporation;

15 ~~(24)~~~~(17)~~ "Kentucky resident" means:

- 16 (a) An individual domiciled within this state;
- 17 (b) An individual who maintains a place of abode in this state and spends, in the  
18 aggregate, more than one hundred eighty-three (183) days of the calendar year  
19 in this state; or
- 20 (c) An individual who lists a Kentucky address as his or her principal place of  
21 residence when applying for an account to participate in advance deposit  
22 account wagering;

23 ~~(25)~~~~(18)~~ "Licensed facility for sports wagering" means the designated areas to conduct  
24 sports wagering for a track licensed to conduct sports wagering pursuant to KRS  
25 230.811;

26 ~~(26)~~~~(19)~~ "Licensed premises" means a track or simulcast facility licensed by the  
27 corporation under this chapter;

1 ~~(27)~~~~[(20)]~~ "Paint horse" means a horse registered with the American Paint Horse  
2 Association of Fort Worth, Texas;

3 ~~(28)~~~~[(21)]~~ "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutuel  
4 wagering" each means any method of wagering previously or hereafter approved by  
5 the corporation in which one (1) or more patrons wager on a horse race or races,  
6 whether live, simulcast, or previously run. Wagers shall be placed in one (1) or  
7 more wagering pools, and wagers on different races or sets of races may be pooled  
8 together. Patrons may establish odds or payouts, and winning patrons share in  
9 amounts wagered including any carryover amounts, plus any amounts provided by  
10 an association less any deductions required, as approved by the corporation and  
11 permitted by law. Pools may be paid out incrementally over time as approved by  
12 the corporation;

13 ~~(29)~~~~[(22)]~~ "Person" means an individual, sole proprietorship, partnership, association,  
14 fiduciary, corporation, limited liability company, or any other business entity;

15 **(30) "Prediction market":**

16 **(a) Means:**

17 **1. Any physical or electronic platform through which a consumer may**  
18 **buy, sell, or exchange event contracts, whether the market is located in**  
19 **or out of the state; or**

20 **2. Any platform or system that provides consumers with the ability to**  
21 **open speculative positions on the outcomes of future events; and**

22 **(b) May be a board of trade designated as a contract market by the Commodity**  
23 **Futures Trading Commission;**

24 ~~(31)~~~~[(23)]~~ "President" means the president of the Kentucky Horse Racing and Gaming  
25 Corporation, who shall serve as chief executive officer of the corporation;

26 ~~(32)~~~~[(24)]~~ "Principal" means any of the following individuals associated with a  
27 partnership, trust, association, limited liability company, or corporation that is

1 licensed to conduct a horse race meeting or an applicant for a license to conduct a  
2 horse race meeting:

- 3 (a) The chairman and all members of the board of directors of a corporation;
- 4 (b) All partners of a partnership and all participating members of a limited  
5 liability company;
- 6 (c) All trustees and trust beneficiaries of an association;
- 7 (d) The president or chief executive officer and all other officers, managers, and  
8 employees who have policymaking or fiduciary responsibility within the  
9 organization;
- 10 (e) All stockholders or other individuals who own, hold, or control, either directly  
11 or indirectly, five percent (5%) or more of stock or financial interest in the  
12 collective organization; and
- 13 (f) Any other employee, agent, guardian, personal representative, or lender or  
14 holder of indebtedness who has the power to exercise a significant influence  
15 over the applicant's or licensee's operation;

16 **(33) "Prohibited participant" means:**

- 17 **(a) A person who has self-excluded under Section 13 of this Act;**
- 18 **(b) An athlete, coach, referee or other officiant, trainer, team staff, or other**  
19 **active participant in the sporting event or competition when the fantasy**  
20 **contest entry includes athlete selections from a sporting event overseen by**  
21 **the same governing body which oversees the athlete, coach, referee or other**  
22 **officiant, trainer, or team staff in question;**
- 23 **(c) Any individual participating in a fantasy contest on behalf of another;**
- 24 **(d) Any restricted participant participating in violation of their restrictions; or**
- 25 **(e) Any voluntarily or involuntarily excluded person;**

26 **(34)**~~[(25)]~~ "Proof of wagers" includes any paper, card, certificate, token, or ticket, which  
27 indicates the details of one (1) or more pari-mutuel wagers that were placed and, if

1 such wagers are successful, that winnings are due to the ticket holder from the  
2 track;

3 **(35) [(26)]** "Quarter horse" means a horse that is registered with the American Quarter  
4 Horse Association of Amarillo, Texas;

5 **(36) [(27)]** "Receiving track" means a track where simulcasts are displayed for wagering  
6 purposes. A track that submits an application for intertrack wagering shall meet all  
7 the regulatory criteria for granting an association license of the same breed as the  
8 host track, and shall have a heated and air-conditioned facility that meets all state  
9 and local life safety code requirements and seats a number of patrons at least equal  
10 to the average daily attendance for intertrack wagering on the requested breed in the  
11 county in which the track is located during the immediately preceding calendar  
12 year;

13 **(37) "Restricted participant":**

14 **(a) Means an individual that:**

15 **1. Is restricted from participating in fantasy contests:**

16 **a. Where the individual's profession or relationship gives the**  
17 **individual access to nonpublic information that could affect the**  
18 **outcome of a fantasy contest; or**

19 **b. For any reason the individual may have access to nonpublic**  
20 **information that could affect the outcome of a fantasy contest.**

21 **(b) Includes the following professions or relationships:**

22 **1. Players;**

23 **2. Coaches;**

24 **3. Referees, umpires, judges, or other officiants involved in enforcing the**  
25 **rules of the game;**

26 **4. Spouses and close family members of persons included in**  
27 **subparagraphs 1. to 3. of this paragraph; and**



1                    5. Owners or shareholders of more than five percent (5%) interest in  
2                    professional sports teams who might have influence over players and  
3                    coaches through the ability to hire or fire; and

4                    (c) Also includes any other persons identified by the corporation as restricted  
5                    participants;

6                    ~~(38)~~~~(28)~~ "Simulcast facility" means any facility approved pursuant to KRS 230.380 to  
7                    simulcast live racing and conduct pari-mutuel wagering on live racing;

8                    ~~(39)~~~~(29)~~ "Simulcasting" means the telecast of live audio and visual signals of horse  
9                    races for the purpose of pari-mutuel wagering;

10                  ~~(40)~~~~(30)~~ "Sporting event" means an event at which two (2) or more persons participate  
11                  in athletic contests, or an event that takes place in relation to athletic contests as  
12                  approved by the corporation, but shall not include ~~horse racing or~~ amateur youth  
13                  sports or athletic events in which the majority of participants are under the age of  
14                  eighteen (18) years;

15                  ~~(41)~~~~(31)~~ "Sports governing body" means the organization, league, or association that  
16                  oversees a sport, prescribes final rules, and enforces codes of conduct with respect  
17                  to such sport and participants therein;

18                  ~~(42)~~~~(32)~~ "Sports wagering" means the wagering conducted under this chapter on  
19                  sporting events or portions of sporting events, or on the individual performance  
20                  statistics of athletes in a sporting event or combination of sporting events, in  
21                  conformance with federal law and as authorized by the corporation pursuant to this  
22                  chapter;

23                  ~~(43)~~~~(33)~~ "Sports wagering device":

24                  (a) Means a mechanical, electrical, or computerized contrivance, terminal,  
25                  device, apparatus, software, piece of equipment, or supply approved by the  
26                  corporation for conducting sports wagering under this chapter; and

27                  (b) Includes a personal computer, mobile device, or other device used in

1 connection with sports wagering not conducted at a licensed facility for sports  
2 wagering;

3 ~~(44)~~~~[(34)]~~ "Sports wagering service provider" or "service provider" means a person  
4 authorized to conduct or manage sports wagering through an agreement with a track  
5 and provide these services at a licensed facility for sports wagering, simulcast  
6 facility, or through a website or mobile interface approved by the corporation;

7 ~~(45)~~~~[(35)]~~ "Telephone account wagering" means a form of pari-mutuel wagering where  
8 an individual may deposit money in an account at a track and may place a wager by  
9 direct telephone call or by communication through other electronic media owned by  
10 the holder of the account to the track;

11 ~~(46)~~~~[(36)]~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing  
12 in which each horse participating in the race is a Thoroughbred, (i.e., meeting the  
13 requirements of and registered with The Jockey Club of New York) and is mounted  
14 by a jockey;

15 ~~(47)~~~~[(37)]~~ "Track" means any association duly licensed by the Kentucky Horse Racing  
16 and Gaming Corporation to conduct horse racing and includes:

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

21 (b) Real property of an association, if the association received or receives  
22 approval from the corporation after 2010 for a location at which live racing is  
23 to be conducted; or

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

25 1. Owned, leased, or purchased by an association within a sixty (60) mile  
26 radius of the association's racetrack but not contiguous to racetrack  
27 premises, upon corporation approval; and

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

6    ~~(48)~~~~[(38)]~~ "Unclaimed pari-mutuel winning ticket":

- 7           (a)   Means the proof of wager that would require payment of winnings upon  
8           submission to the track, but has been presumed abandoned under KRS  
9           230.361; and

- 10          (b)   Includes proof of wagers from live racing and simulcasting; and

11   ~~(49)~~~~[(39)]~~ "Unredeemed pari-mutuel voucher":

- 12          (a)   Means a voucher issued by a licensed track that evidences the value of funds  
13               or credits available that a patron may use for placing pari-mutuel wagers on  
14               live or previously run horse races, or which the patron may redeem for cash,  
15               but has been presumed abandoned under KRS 230.361; and

- 16          (b)   Does not include:

- 17               1.   Any proof of wagers or any other information related to specific wagers  
18               placed on live or historical horse racing; or  
19               2.   Any vouchers that were voluntarily surrendered for donation to charity  
20               or similar purposes.

21           ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 13A IS CREATED TO  
22   READ AS FOLLOWS:

23   *Notwithstanding any law to the contrary, the Governor's signature or certification*  
24   *shall not be required for the following administrative bodies to promulgate an*  
25   *emergency or ordinary administrative regulation:*

26   *(1) The Kentucky Lottery Corporation; and*

27   *(2) The Kentucky Horse Racing and Gaming Corporation.*

1        ➔ SECTION 3. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
2 READ AS FOLLOWS:

3        (1) As used in this section:

4            (a) "Child support arrearage" means a past-due child support obligation of one  
5            thousand dollars (\$1,000) or more owed by an individual pursuant to a  
6            Kentucky court order or an order of another state registered and  
7            enforceable in Kentucky;

8            (b) "Disqualified person" means any individual who appears on the child  
9            support arrearage registry maintained pursuant to subsection (2) of this  
10           section;

11           (c) "Licensed online gaming operator" means any person or entity holding a  
12           license issued by the Kentucky Horse Racing and Gaming Corporation or  
13           any other state regulatory authority and who offers online gaming, online  
14           sports wagering, or interactive fantasy contests to persons located within the  
15           Commonwealth; and

16           (d) "Online gaming" includes any gaming that is wagered upon a website,  
17           mobile application, or any other off-site technology approved by the  
18           Kentucky Horse Racing and Gaming Corporation pursuant to this chapter.

19        (2) The Cabinet for Health and Family Services shall:

20           (a) Compile and maintain a child support arrearage registry consisting of the  
21           name, date of birth, and Social Security number of each individual who  
22           owes a child support arrearage as defined in subsection (1)(a) of this  
23           section; and

24           (b) Transmit an updated registry to each licensed online gaming operator on a  
25           monthly basis, or more frequently as practicable.

26        (3) A licensed online gaming operator shall:

27           (a) Prior to creating an account for any applicant, verify whether the applicant

1                   appears on the child support arrearage registry; and

2                   (b) Deny account creation to any applicant who is a disqualified person.

3                   (4) A licensed online gaming operator shall, upon receipt of each updated registry  
4                   transmitted under subsection (2) of this section, cross-reference the updated  
5                   registry against its existing account holders. Any account holder identified as a  
6                   disqualified person shall have his or her account suspended within five (5)  
7                   business days of receipt of the updated registry. The operator shall provide  
8                   written notice to the account holder of the suspension and the reason therefor.

9                   (5) A suspended account shall be reinstated when the individual no longer appears  
10                  as a disqualified person on the registry transmitted under subsection (2) of this  
11                  section. Reinstatement shall occur no later than five (5) business days following  
12                  the licensed online gaming operator's receipt of an updated registry on which the  
13                  individual does not appear. An individual may also request expedited  
14                  reinstatement by providing the operator with written documentation from the  
15                  Cabinet for Health and Family Services confirming removal from the registry, in  
16                  which case the operator shall reinstate the account within two (2) business days  
17                  of receipt of such documentation.

18                  (6) The Kentucky Lottery Corporation shall apply the requirements of subsections  
19                  (3), (4), and (5) of this section to any online gaming product offered by the  
20                  corporation, using the child support arrearage registry already transmitted to it  
21                  pursuant to KRS 154A.060. No additional data transmission from the Cabinet  
22                  shall be required solely to satisfy this subsection.

23                  (7) A licensed online gaming operator or the Kentucky Lottery Corporation that  
24                  knowingly creates an account for, or knowingly permits continued participation  
25                  by, a disqualified person shall be subject to administrative penalties imposed by  
26                  the applicable licensing authority, including suspension or revocation of the  
27                  operator's license.

1 (8) A cause of action shall not lie against a licensed online gaming operator or the  
2 Kentucky Lottery Corporation for account denial or suspension undertaken in  
3 good-faith compliance with this section.

4 (9) The applicable licensing authority and the Kentucky Lottery Corporation shall  
5 each promulgate administrative regulations necessary to implement this section  
6 with respect to operators and products under their respective jurisdiction,  
7 including procedures for secure data handling and the account reinstatement  
8 process.

9 (10) This section shall not be construed to apply to persons licensed to conduct  
10 charitable gaming under KRS Chapter 238.

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

13 (1) The corporation shall promulgate administrative regulations in accordance with  
14 KRS Chapter 13A to govern the operation of fantasy contests and enforce  
15 Sections 4 to 13 of this Act, but the corporation shall not promulgate  
16 administrative regulations limiting or regulating the:

17 (a) Statistical makeup of a fantasy contest or contests; or

18 (b) Digital platform of a fantasy contest service provider.

19 (2) The corporation shall:

20 (a) Regulate the conduct of fantasy contest service providers;

21 (b) Promulgate administrative regulations to regulate fantasy contests no later  
22 than one hundred eighty (180) days after the effective date of this Act;

23 (c) Require the use of geolocation technology to verify that a participant is not  
24 entering fantasy contests from a restricted jurisdiction; and

25 (d) Exercise any other powers necessary to enforce the provisions of Sections 4  
26 to 13 of this Act.

27 (3) The corporation and fantasy contest service providers shall cooperate with

1 investigations conducted by law enforcement agencies, including but not limited  
2 to providing and facilitating the provision of account level entry and participation  
3 information.

4 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
5 READ AS FOLLOWS:

6 **Fantasy contest service providers shall:**

7 **(1) Implement procedures to prevent fraud, abuse, and money laundering;**

8 **(2) Establish technical and operational measures to prevent underage participation**  
9 **in a fantasy contest;**

10 **(3) Deploy identity verification procedures, which may require the use of a reputable**  
11 **independent third party that can:**

12 **(a) Verify a person's personally identifiable information; and**

13 **(b) Detect potential prohibited participants;**

14 **(4) Employ mechanisms on the fantasy contest service provider's platform that are**  
15 **designed to detect and prevent:**

16 **(a) Unauthorized accounts;**

17 **(b) Fraud;**

18 **(c) Money laundering; and**

19 **(d) Collusion; and**

20 **(5) Make all commercially and technologically reasonable efforts to promptly notify**  
21 **the corporation of:**

22 **(a) A confirmed breach of the relevant sport's governing body's internal rules**  
23 **and codes of conduct, if provided to the fantasy contest service provider,**  
24 **pertaining to participation in real-money fantasy contests;**

25 **(b) Any conduct that corrupts any outcome related to a sporting event or**  
26 **sporting events for purposes of financial gain, including match fixing; and**

27 **(c) Confirmed illegal activities, including use of funds derived from illegal**

1           activity, entries to conceal or launder funds derived from illegal activity,  
2           multi-accounting, and using false identification.

3           ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
4 READ AS FOLLOWS:

5       (1) Except as otherwise provided in this section, a person shall not offer fantasy  
6       contests in the Commonwealth unless the person is licensed by the corporation as  
7       a fantasy contest service provider.

8       (2) An applicant for a fantasy contest service provider license shall:

9           (a) Submit an application to the corporation in the form the corporation  
10          requires in the corporation's administrative regulations;

11          (b) Submit fingerprints for a national criminal history record check by a law  
12          enforcement agency, which shall be:

13               1. Furnished by the applicant's director, officer, key employee, or  
14               individual owner of five percent (5%) or more of the fantasy contest  
15               service provider; and

16               2. Accompanied by a signed authorization for the release of information  
17               by the law enforcement agency; and

18          (c) Be denied a license if previously convicted of a disqualifying offense as  
19          established in subsection (8) of this section.

20       (3) The corporation may require additional background checks on a fantasy contest  
21       service provider when a fantasy contest service provider submits a renewal  
22       application.

23       (4) This section shall not require a fantasy contest service provider applicant or  
24       person who has submitted to a national criminal history record check in  
25       Kentucky or any other state within the twelve (12) months prior to submitting the  
26       application to resubmit to another record check if the fantasy service provider  
27       applicant or person submits the results of the previous record check and affirms



1 there has been no material change since the previous record check.

2 (5) The form required by the corporation under subsection (2) of this section shall  
3 include but is not limited to the following information:

4 (a) The fantasy contest service provider's name;

5 (b) The location of the fantasy contest service provider's principal place of  
6 business;

7 (c) The fantasy contest service provider's contact information;

8 (d) The fantasy contest service provider's Social Security number or, if  
9 applicable, federal employer identification number;

10 (e) The name and address of each person that holds a five percent (5%) or  
11 more ownership interest or shares in the fantasy contest service provider;

12 (f) The fantasy contest service provider's criminal record or, if the fantasy  
13 contest service provider is a business entity, any criminal record of a person  
14 who is a director, officer, or key employee of the applicant or any person  
15 who has a five percent (5%) or more ownership interest in the fantasy  
16 contest service provider;

17 (g) Documentation identifying the following from the fantasy contest service  
18 provider, or any director, officer, key employee, or individual owner of five  
19 percent (5%) or more of the fantasy contest service provider that has:

20 1. Any ownership interest in a business that is or was a fantasy contest  
21 service provider or similar entity in any jurisdiction;

22 2. An equity interest of five percent (5%) or more in any business of the  
23 fantasy contest service provider. If a business has been identified  
24 under this subparagraph, documentation shall be provided showing  
25 the state in which the business is incorporated or registered, if  
26 applicable;

27 3. Ever applied for or been granted any license, registration, or

1 certificate issued by a licensing authority in Kentucky or any other  
2 jurisdiction for a gaming activity; and

3 4. Filed or been served with a complaint or other notice filed by a public  
4 body regarding the delinquency in payment of or dispute over filings  
5 concerning the payment of any tax required under federal, state, or  
6 local law, including the amount of tax, type of tax, and taxing agency  
7 and the time periods involved; and

8 (h) Information sufficient to show, as determined by the corporation, that the  
9 fantasy contest service provider can meet the requirements of Sections 4 to  
10 13 of this Act.

11 (6) The corporation may promulgate administrative regulations in accordance with  
12 KRS Chapter 13A to establish additional qualifications and requirements to  
13 preserve the integrity and security of fantasy contests and to promote and  
14 maintain a competitive fantasy contest market.

15 (7) On receipt of a completed application and the required fee, the corporation shall  
16 conduct the necessary background investigation to determine if the applicant  
17 meets the qualifications for licensure. On completion of the investigation, the  
18 corporation shall issue a license or deny the application. If the application for  
19 licensure is denied, a statement setting forth the grounds for denial shall be  
20 forwarded to the applicant together with all other documents relied on by the  
21 corporation, to the extent allowed by law.

22 (8) (a) A person shall not be issued a license if the person has been convicted of a  
23 violation of state or federal law that is:

24 1. A felony;

25 2. Any crime involving illegal gaming or gambling; or

26 3. Any crime involving theft or fraud that is or would be a felony or  
27 Class A misdemeanor in the Commonwealth of Kentucky.

1       **(b) The prohibitions in paragraph (a) of this subsection shall apply to the**  
2       **applicant or licensee, or director, officer, key employee, or individual owner**  
3       **of five percent (5%) or more of the fantasy contest service provider.**

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

6       **(1) As part of its submission for licensure or renewal, a fantasy contest service**  
7       **provider applicant shall:**

8       **(a) Contract with a certified public accountant to conduct an independent**  
9       **audit, consistent with generally accepted accounting principles;**

10       **(b) Annually contract with a testing laboratory, certified public accountant, or**  
11       **another professional service provider recognized by the corporation to verify**  
12       **compliance with Sections 4 to 13 of this Act; and**

13       **(c) Submit to the corporation a copy of the audit report and of the compliance**  
14       **report of the testing laboratory, certified public accountant, or professional**  
15       **service provider.**

16       **(2) An initial fantasy contest service provider is not required to submit an audit**  
17       **report and report of the testing laboratory until twenty-four (24) months**  
18       **following the issuance of a license.**

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

21       **(1) Notwithstanding any provision of law to the contrary, the operation of fantasy**  
22       **contests is only lawful when conducted in accordance with Sections 4 to 13 of this**  
23       **Act.**

24       **(2) Any participant of a fantasy contest shall be at least eighteen (18) years old.**

25       **(3) A fantasy contest service provider shall use a geolocation system to identify any**  
26       **fantasy contest participants that are physically present in the Commonwealth**  
27       **when submitting an entry unless otherwise authorized by the corporation.**

1 (4) (a) Sections 4 to 13 of this Act shall be construed liberally to promote the  
2 general welfare of the public and integrity of the fantasy contest industry.

3 (b) The corporation shall not limit or restrict lawful fantasy contests solely by  
4 labeling them as sports wagering, however the corporation may classify a  
5 fantasy contest as sports wagering when warranted by its actual  
6 characteristics and consistent with state and federal law.

7 (5) A licensed fantasy contest service provider shall not be forced to surrender or  
8 terminate a license prior to the date of expiration of the license solely by virtue of  
9 a change in the qualifications for licensure under Sections 4 to 13 of this Act.

10 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
11 READ AS FOLLOWS:

12 (1) The corporation shall investigate all reasonable allegations of prohibited conduct  
13 and refer any allegations it deems credible to the appropriate law enforcement  
14 agency.

15 (2) The identity of any reporting person shall remain confidential unless that person  
16 authorizes disclosure of the person's identity or until the allegation of prohibited  
17 conduct is referred to law enforcement.

18 (3) If the corporation receives a complaint of prohibited conduct by an athlete, the  
19 corporation shall notify the appropriate sports governing body of the athlete to  
20 review the complaint as provided by the corporation.

21 (4) The corporation shall promulgate administrative regulations in accordance with  
22 KRS Chapter 13A to govern investigations of prohibited conduct and referrals to  
23 law enforcement agencies.

24 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
25 READ AS FOLLOWS:

26 (1) A person shall not participate in a fantasy contest in which the person is a  
27 restricted participant.

1 (2) A restricted participant may participate in fantasy contests that are outside the  
2 scope of the individual's profession, relationship, or reason for which the  
3 individual has access to nonpublic information.

4 (3) A person is guilty of tampering with the outcome of a fantasy contest when the  
5 person interacts with a player, coach, referee or other officiants, or other  
6 restricted participant with the intent to persuade the restricted participant to act  
7 in a way that would:

8 (a) Alter the outcome of the real-life sporting event related to the fantasy  
9 contest; or

10 (b) Alter actions within the real-life sporting event upon which people might  
11 rely on for scoring points in a fantasy contest.

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

14 (1) (a) A fantasy contest service provider that operated in this Commonwealth at  
15 least twelve (12) months prior to the effective date of this Act shall pay an:

16 1. Initial license fee of seven thousand five hundred dollars (\$7,500);

17 and

18 2. Annual renewal fee of five thousand dollars (\$5,000).

19 (b) A fantasy contest service provider that did not operate in this  
20 Commonwealth for at least twelve (12) months prior to the effective date of  
21 this Act shall pay an:

22 1. Initial license fee of fifteen thousand dollars (\$15,000); and

23 2. Annual renewal fee of ten thousand dollars (\$10,000).

24 (2) A fantasy contest service provider that was offering contests to persons located in  
25 this Commonwealth before the effective date of this Act may continue to offer  
26 contests to persons located in this Commonwealth until the fantasy contest service  
27 provider's application has been approved or denied, if the fantasy contest service

1 provider submits an application for licensure with the corporation within ninety  
2 (90) days after the corporation promulgates administrative regulations to  
3 effectuate Sections 4 to 13 of this Act.

4 (3) (a) Licenses issued by the corporation shall remain in effect for one (1) year.  
5 The corporation shall promulgate administrative regulations in accordance  
6 with KRS Chapter 13A to establish a process for renewal.

7 (b) A fantasy contest service provider may request in writing to the corporation  
8 an extension to renew the fantasy contest service provider's license. If the  
9 fantasy contest service provider allows the license to lapse without  
10 requesting an extension time to file, the fantasy contest service provider  
11 shall resubmit an initial application.

12 (4) A fantasy contest service provider applying for a license or renewal of a license  
13 may operate during the application period unless the corporation:

14 (a) Has reasonable cause to believe that the fantasy contest service provider is  
15 or may be in violation of a provision of Sections 4 to 13 of this Act; and

16 (b) Requires the fantasy contest service provider to suspend the operation of  
17 any fantasy contests until the license or renewal of a license is issued.

18 (5) The corporation shall enforce and collect all fees, penalties, taxes, and any other  
19 payments imposed under this section.

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

22 (1) There is hereby established in the State Treasury a trust and agency account to be  
23 known as the fantasy contest administration fund. The fund shall consist of  
24 moneys received from the fees imposed by Section 11 of this Act and the monthly  
25 tax imposed on fantasy contest service providers.

26 (2) The fund shall be administered by the Kentucky Horse Racing and Gaming  
27 Corporation.

1 (3) (a) Amounts deposited in the fund shall be used as follows:

2 1. For administrative expenses relating to or associated with the  
3 purposes of fantasy contests; and

4 2. Two and one-half percent (2.5%) of the funds shall be deposited in the  
5 Kentucky problem gambling assistance account established in KRS  
6 230.826.

7 (b) The remaining funds shall be deposited in the Kentucky permanent pension  
8 fund established in KRS 42.205.

9 (4) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal  
10 year shall not lapse but shall be carried forward into the next fiscal year.

11 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
12 READ AS FOLLOWS:

13 (1) Each fantasy contest service provider shall include a statement regarding  
14 obtaining assistance with real-money gaming problems on the fantasy contest  
15 service provider's portal, website, computer, or mobile application and on all  
16 marketing materials and advertisements of the fantasy contest service provider.

17 (2) (a) A resident, or nonresident if allowed to participate in fantasy contests, may  
18 voluntarily prohibit himself or herself from establishing a fantasy contest  
19 account with a fantasy contest service provider.

20 (b) The corporation shall incorporate the voluntary self-exclusion program for  
21 fantasy contests into any existing self-exclusion program that it operates on  
22 the effective date of this Act.

23 (3) If a self-excluded person participates in a fantasy contest, the fantasy contest  
24 service provider shall report to the corporation, at a minimum, the name of the  
25 self-excluded person, the date of participation, the amount or value of any money,  
26 prizes, or awards forfeited, if any, and any other action taken.

27 (4) A fantasy contest service provider shall not pay any prize or award to a person

1 who is on the corporation's self-exclusion list. Any prize or award won by a  
2 person on the self-exclusion list is forfeited and shall be donated by the fantasy  
3 contest service provider to the problem gaming charities or programs as identified  
4 and directed by the corporation on a quarterly basis by the twenty-fifth day of the  
5 following month.

6 (5) A fantasy contest service provider shall develop and maintain a program to  
7 mitigate and curtail compulsive play, which may be conducted in conjunction  
8 with the corporation.

9 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
10 READ AS FOLLOWS:

11 (1) There is hereby established in the corporation a restricted account to be known as  
12 the purse stabilization fund. The fund shall consist of any moneys received from  
13 the excise tax collected under Section 16 of this Act that derives from wagers  
14 placed on horse racing.

15 (2) The fund shall be administered by the corporation.

16 (3) The amounts deposited in the fund:

17 (a) Shall be held in the restricted account for at least one and one-half (1-1/2)  
18 years after the effective date of this Act; and

19 (b) Shall not be used except as the corporation determines is reasonably  
20 necessary to supplement purses at live horse racing meets in an amount not  
21 to exceed ten percent (10%) of the fund.

22 (4) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal  
23 year shall not lapse but shall be carried forward into the next fiscal year.

24 ➔Section 15. KRS 13A.190 is amended to read as follows:

25 (1) An emergency administrative regulation is an administrative regulation that:

26 (a) An administrative body can clearly demonstrate, through documentary  
27 evidence submitted with the filing of the emergency administrative regulation,



1 must be placed into effect immediately in order to:

- 2 1. Meet an imminent threat to public health, safety, welfare, or the  
3 environment;
- 4 2. Prevent an imminent loss of federal or state funds;
- 5 3. Meet an imminent deadline for the promulgation of an administrative  
6 regulation that is established by state statute or federal law; or
- 7 4. Comply with an executive order issued under KRS Chapter 39A; and
- 8 (b) 1. Is temporary in nature and will expire as provided in this section; or  
9 2. Is temporary in nature and will be replaced by an ordinary  
10 administrative regulation as provided in this section.

11 For the purposes of this section, "imminent" means within two hundred seventy  
12 (270) days of the filing of the emergency administrative regulation.

13 (2) An agency's finding of an emergency pursuant to this section shall not be based on  
14 the agency's failure to timely process and file administrative regulations through the  
15 ordinary administrative regulation process.

16 (3) An emergency administrative regulation:

- 17 (a) Shall become effective and shall be considered as adopted upon filing;
- 18 (b) Shall be published in the Administrative Register in accordance with the  
19 publication deadline established in KRS 13A.050(3);
- 20 (c) Shall be subject to the public comment provisions established in KRS  
21 13A.270 and 13A.280;
- 22 (d) 1. May be reviewed at a subsequent meeting of a legislative committee  
23 after the filing of the emergency administrative regulation; and  
24 2. May, by a vote of the majority of the legislative committee's  
25 membership as established by KRS 13A.020(4) and 13A.290(9), be  
26 found to be deficient, and the deficiency shall be reported to the  
27 Governor pursuant to KRS 13A.330(2); and

- 1 (e) May be amended:
- 2 1. By the promulgating administrative body after receiving public
- 3 comments as established in KRS 13A.280. The amended after
- 4 comments version shall:
- 5 a. Become effective upon filing; and
- 6 b. Not require a statement of emergency; or
- 7 2. At a legislative committee meeting as established in KRS 13A.320. The
- 8 amendment shall be approved as established by KRS 13A.020(4) or
- 9 KRS 13A.290(9). The amended version shall become effective upon
- 10 adjournment of the meeting following the procedures established in
- 11 KRS 13A.020(4) or 13A.331(1) and (2).
- 12 (4) (a) Except as provided by paragraph (b) of this subsection, emergency
- 13 administrative regulations shall expire two hundred seventy (270) days after
- 14 the date of filing or when the same matter filed as an ordinary administrative
- 15 regulation filed for review is adopted, whichever occurs first.
- 16 (b) If an administrative body extends the time for filing a statement of
- 17 consideration for an ordinary administrative regulation as provided by KRS
- 18 13A.280(2)(b), an emergency administrative regulation shall remain in effect
- 19 for two hundred seventy (270) days after the date of filing plus the number of
- 20 days extended under the provisions of KRS 13A.280(2)(b) or when the same
- 21 matter filed as an ordinary administrative regulation filed for review is
- 22 adopted, whichever occurs first.
- 23 (c) Filing an emergency amended after comments administrative regulation shall
- 24 not affect the expiration of an emergency regulation as established in
- 25 paragraphs (a) and (b) of this subsection.
- 26 (5) Except as established in subsection (6) of this section, an emergency administrative
- 27 regulation with the same number or title or governing the same subject matter shall

1 not be filed for a period of two hundred seventy (270) days after it has been initially  
2 filed.

3 (6) If an emergency administrative regulation with the same number or title or  
4 governing the same subject matter as an emergency administrative regulation filed  
5 within the previous two hundred seventy (270) days is filed, it shall contain a  
6 detailed explanation of the manner in which it differs from the previously filed  
7 emergency administrative regulation. The detailed explanation shall be included in  
8 the statement of emergency required by subsection (7) of this section.

9 (7) Each emergency administrative regulation shall contain a statement of:

- 10 (a) The nature of the emergency;  
11 (b) The reasons why an ordinary administrative regulation is not sufficient;  
12 (c) Whether or not the emergency administrative regulation will be replaced by  
13 an ordinary administrative regulation;  
14 (d) If the emergency administrative regulation will be replaced by an ordinary  
15 administrative regulation, the following statement: "The ordinary  
16 administrative regulation (is or is not) identical to this emergency  
17 administrative regulation.";  
18 (e) If the emergency administrative regulation will not be replaced by an ordinary  
19 administrative regulation, the reasons therefor; and  
20 (f) If applicable, the explanation required by subsection (6) of this section.

21 (8) (a) An administrative body shall attach the:

- 22 1. Statement of emergency required by subsection (7) of this section to the  
23 front of the original and each copy of a proposed emergency  
24 administrative regulation;  
25 2. Public hearing and public comment period information required by KRS  
26 13A.270(2), regulatory impact analysis, tiering statement, federal  
27 mandate comparison, fiscal note, summary of material incorporated by

1 reference if applicable, and other forms or documents required by the  
2 provisions of this chapter to the back of the emergency administrative  
3 regulation; and

4 3. Documentary evidence submitted justifying the finding of an emergency  
5 in accordance with subsection (1) of this section to the back of the  
6 emergency regulation if it is:

7 a. No more than ten (10) pages in length; and

8 b. Typewritten on white paper, size eight and one-half (8-1/2) by  
9 eleven (11) inches, and single-sided.

10 Larger volumes of documentary evidence shall be filed in a separate  
11 binder, on a CD-ROM or DVD disc, or in a different electronic format  
12 approved by the regulations compiler.

13 (b) An administrative body shall file with the regulations compiler:

14 1. The original and four (4) copies of the emergency administrative  
15 regulation; and

16 2. At the same time as, or prior to, filing the paper version, an electronic  
17 version of the emergency administrative regulation and the attachments  
18 required by paragraph (a) of this subsection saved as a single document  
19 for each emergency administrative regulation in an electronic format  
20 approved by the regulations compiler.

21 (c) 1. Each original emergency administrative regulation shall be single-sided  
22 and stapled in the top left corner.

23 2. One (1) of the copies shall be single-sided and unstapled.

24 3. The other three (3) copies shall be stapled in the top left corner and may  
25 be double-sided.

26 4. The original and the four (4) copies of each emergency administrative  
27 regulation shall be grouped together.

- 1 (9) The statement of emergency shall have a two (2) inch top margin. The number of  
2 the emergency administrative regulation shall be typed directly below the heading  
3 "Statement of Emergency." The number of the emergency administrative regulation  
4 shall be the same number as the ordinary administrative regulation followed by an  
5 "E."
- 6 (10) Each executive department emergency administrative regulation shall be signed by  
7 the head of the administrative body and, except as exempted by Section 2 of this  
8 Act, countersigned by the Governor prior to filing with the Commission. These  
9 signatures shall be on the statement of emergency attached to the front of the  
10 emergency administrative regulation.
- 11 (11) If an emergency administrative regulation will be replaced by an ordinary  
12 administrative regulation, the ordinary administrative regulation shall be filed at the  
13 same time as the emergency administrative regulation that it will replace.
- 14 (12) If an ordinary administrative regulation that was filed to replace an emergency  
15 administrative regulation:
- 16 (a) Is withdrawn:
- 17 1. The emergency administrative regulation shall expire on the date the  
18 ordinary administrative regulation is withdrawn; and
- 19 2. The administrative body shall inform the regulations compiler of the  
20 reasons for withdrawal in writing; or
- 21 (b) Expires, the emergency administrative regulation shall expire on the date the  
22 ordinary administrative regulation expires pursuant to KRS 13A.315(1).
- 23 (13) (a) If an emergency administrative regulation that was intended to be replaced by  
24 an ordinary administrative regulation is withdrawn, the emergency  
25 administrative regulation shall expire on the date it is withdrawn.
- 26 (b) If an emergency administrative regulation has been withdrawn, the ordinary  
27 administrative regulation that was filed with it shall not expire unless the

1 administrative body informs the regulations compiler that the ordinary  
2 administrative regulation is also withdrawn.

3 (c) If an emergency administrative regulation is withdrawn, the administrative  
4 body shall inform the regulations compiler of the reasons for withdrawal in  
5 writing.

6 (14) The administrative regulations compiler shall notify all legislative committees of  
7 the number, title, and subject matter of all emergency administrative regulations  
8 and shall forward any additional information filed about the emergency  
9 administrative regulation requested by a legislative committee.

10 ➔Section 16. KRS 138.552 is amended to read as follows:

11 (1) As used in this section:

12 (a) "Adjusted gross fixed-odds wagering revenue" means the total sum of  
13 wagers collected on all fixed-odds wagers on live horse racing, less  
14 winnings paid to participants in the contest and all excise taxes paid  
15 pursuant paid pursuant to federal law;

16 (b) "Adjusted gross sports wagering revenue" means the total sum of wagers  
17 collected on all sporting events, less winnings paid to participants in the  
18 contest and all excise taxes paid pursuant to federal law;

19 (c)(b) "Department" means Department of Revenue;

20 (d)(c) "Fixed-odds wagering" has the same meaning as in Section 1 of this  
21 Act;

22 (e) "Sporting event" means an event at which two (2) or more persons  
23 participate in athletic contests or an event that takes place in relation to  
24 athletic contests as approved by the corporation, but shall not include horse  
25 racing or amateur youth sports or athletic events in which the majority of  
26 participants are under the age of eighteen (18) years~~[has the same meaning~~  
27 ~~as in KRS 230.210];~~

1 ~~(f)(d)~~ "Sports wagering" means the wagering conducted under KRS Chapter  
2 230 on sporting events or portions of sporting events, or on the individual  
3 performance statistics of athletes in a sporting event or combination of  
4 sporting events, in conformance with federal law and as authorized by the  
5 corporation pursuant to KRS Chapter 230~~[has the same meaning as in KRS~~  
6 ~~230.210]~~; and

7 ~~(g)(e)~~ "Taxpayer" means any person liable for tax under this section.

8 (2) An excise tax is imposed on persons licensed~~[to conduct sports wagering]~~ under  
9 KRS 230.811 and 230.814 to conduct~~[at a rate of]~~:

10 (a) Sports wagering at a rate of:

11 1. Nine and three-quarters percent (9.75%) on the adjusted gross sports  
12 wagering revenue on wagers placed at the licensed track; and

13 2.~~(b)~~ Fourteen and one-quarter percent (14.25%) on the adjusted gross  
14 sports wagering revenue on wagers placed online via websites or mobile  
15 applications or other off-site technology approved by the Kentucky  
16 Horse Racing and Gaming Corporation; and

17 (b) Fixed-odds wagering at a rate of:

18 1. Nine and three-quarters percent (9.75%) on the adjusted gross fixed-  
19 odds wagering revenue of fixed-odds wagers on live horse racing  
20 placed at the licensed track; and

21 2. Fourteen and one-quarter percent (14.25%) on the adjusted gross  
22 fixed-odds wagering revenue of fixed-odds wagers on live horse racing  
23 placed online via websites or mobile applications or other off-site  
24 technology approved by the Kentucky Horse Racing and Gaming  
25 Corporation.

26 (3) The excise taxes imposed in:

27 (a) Subsection (2)(a) of this section~~[and]~~ shall be transferred~~[appropriated]~~ to

1 the sports wagering administration fund established in KRS 230.817 and  
2 appropriated for the purposes established in that section; and

3 (b) Subsection (2)(b) of this section shall be transferred to the purse  
4 stabilization fund established in Section 14 of this Act and appropriated for  
5 the purposes established in that section.

6 ~~(4)~~~~(3)~~ The department shall enforce the provisions of and collect the taxes and  
7 penalties imposed in this section, and in doing so it shall have the general powers  
8 and duties granted it in KRS Chapters 131 and 135, including the power to enforce,  
9 by an action in the Franklin Circuit Court, the collection of the taxes, penalties, and  
10 other payments imposed or required by this section.

11 ~~(5)~~~~(4)~~ The tax imposed by this section is due and payable to the department monthly  
12 and shall be remitted on or before the twentieth day of the next succeeding calendar  
13 month. If a taxpayer's adjusted gross revenue for a month is a negative number, the  
14 taxpayer may carry over the negative amount to the return filed for the subsequent  
15 month. However, no amount shall be carried over in any period more than twelve  
16 (12) months after the month in which the amount carried over was originally due.

17 ~~(6)~~~~(5)~~ (a) Payment shall be accompanied by a return prescribed by the department.

18 (b) For sports wagering only, the return form shall report, at a minimum:

- 19 1. The total sum of wagers collected in person and electronically through a  
20 mobile application;
- 21 2. Winnings paid in person and electronically through a mobile  
22 application;
- 23 3. Adjusted gross revenue in person and electronically through a mobile  
24 application;
- 25 4. Tax rates applied to adjusted gross revenue in person and electronically  
26 through a mobile application;
- 27 5. The tax due from adjusted gross revenues in person and electronically



1 through a mobile application;

2 6. Federal excise taxes paid; and

3 7. The total wagering tax due.

4 ~~(7)~~~~(6)~~ Wagering taxes due and payable in accordance with this section shall be paid  
5 via electronic funds transfer. The taxpayer shall provide the department with all  
6 protocol documentation and electronic funds transfer data necessary to facilitate the  
7 timely transfer of funds.

8 ~~(8)~~~~(7)~~ Any taxpayer who violates any provision of this section shall be subject to the  
9 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax  
10 interest rate as defined in KRS 131.010(6).

11 ~~(9)~~~~(8)~~ The Kentucky Horse Racing and Gaming Corporation may suspend, revoke,  
12 or decline to renew a license upon the taxpayer's failure to timely submit payment  
13 of taxes due under this section or the administrative regulations promulgated by the  
14 department.

15 ~~(10)~~~~(9)~~ The taxes imposed by this section shall be in lieu of all other state and local  
16 taxes and fees imposed on the operation of, or the proceeds from, the operation of  
17 sports wagering.

18 ➔Section 17. KRS 230.215 is amended to read as follows:

19 (1) (a) It is the policy of the Commonwealth of Kentucky, in furtherance of its  
20 responsibility to foster and to encourage legitimate occupations and industries  
21 in the Commonwealth and to promote and to conserve the public health,  
22 safety, and welfare, and it is hereby declared the intent of the Commonwealth  
23 to foster and to encourage the horse breeding industry within the  
24 Commonwealth and to encourage the improvement of the breeds of horses.

25 (b) Further, it is the policy and intent of the Commonwealth to foster and to  
26 encourage the business of legitimate horse racing with pari-mutuel wagering  
27 thereon in the Commonwealth on the highest possible plane. Further, it hereby

1 is declared the policy and intent of the Commonwealth that all racing not  
2 licensed under this chapter is a public nuisance and may be enjoined as such.

3 (c) Further, it is hereby declared the policy and intent of the Commonwealth that  
4 the conduct of horse racing, or the participation in any way in horse racing, or  
5 the entrance to or presence where horse racing is conducted, is a privilege and  
6 not a personal right; and that this privilege may be granted or denied by the  
7 corporation or its duly approved representatives acting in its behalf.

8 (d) Further, it is hereby declared the policy and intent of the Commonwealth that  
9 citizens shall be allowed to enjoy wagering on sporting events in a controlled  
10 environment that protects the citizens from cheating and fraud, and that such  
11 wagering shall be best controlled and overseen by the Kentucky Horse Racing  
12 and Gaming Corporation, which has demonstrated a long and successful  
13 history of regulating wagering.

14 (e) Further, it is hereby declared the policy and intent of the Commonwealth that  
15 charitable gaming conducted by charitable organizations is an important  
16 method of raising funds for legitimate charitable purposes and is in the public  
17 interest. The intent of this chapter and KRS Chapter 238 is to prevent the  
18 commercialization of charitable gaming, to prevent participation in charitable  
19 gaming by criminal and other undesirable elements, and to prevent the  
20 diversion of funds from legitimate charitable purposes, and that charitable  
21 gaming shall be overseen by the Kentucky Horse Racing and Gaming  
22 Corporation.

23 (f) It is hereby declared the intent of the Commonwealth to vest in the  
24 corporation the power to regulate the industries under its jurisdiction and  
25 ensure compliance, transparency, and protection of the public in accordance  
26 with applicable law.

27 (2) (a) It is hereby declared the purpose and intent of this chapter in the interest of

1 the public health, safety, and welfare, to vest in the corporation forceful  
2 control of horse racing in the Commonwealth with power to promulgate  
3 administrative regulations prescribing conditions under which all legitimate  
4 horse racing and wagering thereon is conducted in the Commonwealth so as  
5 to encourage the improvement of the breeds of horses in the Commonwealth,  
6 to regulate and maintain horse racing at horse race meetings in the  
7 Commonwealth of the highest quality and free of any corrupt, incompetent,  
8 dishonest, or unprincipled horse racing practices, and to regulate and maintain  
9 horse racing at race meetings in the Commonwealth so as to dissipate any  
10 cloud of association with the undesirable and maintain the appearance as well  
11 as the fact of complete honesty and integrity of horse racing in the  
12 Commonwealth.

13 (b) In addition, it is hereby declared the purpose and intent of this chapter to vest  
14 in the corporation exclusive jurisdiction over sports wagering, fantasy  
15 contests, and fixed-odds wagering in the Commonwealth, with power to  
16 promulgate administrative regulations prescribing conditions under which all  
17 sports wagering, fantasy contests, and fixed-odds wagering are~~[-is]~~ to be  
18 conducted.

19 (c) In addition to the general powers and duties vested in the corporation by this  
20 chapter, it is the intent hereby to vest in the corporation the power to eject or  
21 exclude from association grounds or any part thereof any person, licensed or  
22 unlicensed, whose conduct or reputation is such that his or her presence on  
23 association grounds may, in the opinion of the corporation, reflect on the  
24 honesty and integrity of horse racing or interfere with either the orderly  
25 conduct of horse racing or the orderly conduct of sports wagering.

26 (d) In addition, it is hereby declared the purpose and intent of this chapter to vest  
27 in the corporation exclusive jurisdiction over charitable gaming in the

1 Commonwealth, with power to promulgate administrative regulations  
2 prescribing conditions under which all charitable gaming is to be conducted.

3 (e) In addition to the general powers and duties vested in the corporation by this  
4 chapter, it is the intent hereby to vest in the corporation the power to eject or  
5 exclude from charitable gaming facilities or any part thereof any person,  
6 licensed or unlicensed, whose conduct or reputation is such that his or her  
7 presence at a charitable gaming facility may, in the opinion of the corporation,  
8 reflect on the honesty and integrity of charitable gaming or interfere with the  
9 orderly conduct of charitable gaming.

10 ➔Section 18. KRS 230.225 is amended to read as follows:

11 (1) There is hereby created and established the Kentucky Horse Racing and Gaming  
12 Corporation to regulate all forms of live horse racing, pari-mutuel wagering, sports  
13 wagering, *fantasy contests, fixed-odds wagering*, breed integrity and development,  
14 and on and after July 1, 2025, charitable gaming, in the Commonwealth, exclusive  
15 of the state lottery established under KRS Chapter 154A. It shall be an independent,  
16 de jure municipal corporation and political subdivision of the Commonwealth of  
17 Kentucky which shall be a public body corporate and politic. The corporation shall  
18 be deemed a public agency within the meaning of KRS 61.805 and 61.870. The  
19 corporation shall be managed in such a manner that enables the people of the  
20 Commonwealth to benefit from its actions and to enjoy the best possible racing and  
21 gaming experiences. The General Assembly hereby recognizes that the operations  
22 of racing and gaming are unique activities for state government and that a corporate  
23 structure will best enable racing and gaming to be managed in a businesslike  
24 manner. It is the intent of the General Assembly that the Kentucky Horse Racing  
25 and Gaming Corporation shall be accountable to the Governor, the General  
26 Assembly, and the people of the Commonwealth.

27 (2) (a) 1. The Auditor of Public Accounts shall perform an audit of the

- 1 corporation once every four (4) years, a copy of which shall be sent to  
2 the Governor and the Legislative Research Commission.
- 3 2. A different auditing entity that is qualified to evaluate municipal  
4 corporations shall conduct an annual audit of the corporation once each  
5 year in every year when the Auditor of Public Accounts does not  
6 perform an audit. A copy of this audit shall be sent to the Governor and  
7 Legislative Research Commission.
- 8 3. This first audit conducted under this subsection shall cover fiscal year  
9 2024-2025.
- 10 (b) The corporation shall submit a written annual report to the Governor and the  
11 Legislative Research Commission on or before **October**~~[July]~~ 1 of each year.~~{~~  
12 ~~The first report shall be due July 1, 2025.}~~ The corporation shall file any  
13 additional reports requested by the Governor or the Legislative Research  
14 Commission. The annual report shall include the following information:
- 15 1. The receipts and disbursements of the corporation; and  
16 2. Actions taken by the corporation.
- 17 (c) The corporation may submit any additional information and recommendations  
18 that the corporation considers useful or that the Governor or the Legislative  
19 Research Commission requests.
- 20 (3) The Kentucky Horse Racing and Gaming Corporation shall be administered by a  
21 board of directors to regulate the conduct of:
- 22 (a) Live horse racing;  
23 (b) Pari-mutuel wagering;  
24 (c) Sports wagering;  
25 (d) **Fantasy contests;**  
26 **(e)** Charitable gaming~~[on and after July 1, 2025];~~  
27 **(f)(e)** Breed integrity and development; and

1        ~~(g)~~~~(f)~~        Related activities within the Commonwealth of Kentucky.

2        (4) (a)    The corporation shall establish and maintain a general office for the  
3                   transaction of its business and may, in its discretion, establish a branch office  
4                   or offices.

5            (b)    The corporation may hold meetings at any of its offices or at any other place  
6                   at its convenience.

7            (c)    A majority of the voting members of the corporation shall constitute a quorum  
8                   for the transaction of its business or exercise of any of its powers.

9        (5)    Except as otherwise provided, the corporation shall be responsible for the  
10           following:

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

13           (b)    Developing programs and procedures that will fulfill its oversight and  
14                   regulatory role on such matters as medical practices and 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)    Designing and implementing programs that support and ensure breed integrity  
25                   and development;

26           (g)    Developing monitoring programs to ensure the highest integrity of sporting  
27                   events and sports wagering;

- 1 (h) Developing a program to share wagering information with sports governing  
2 bodies upon which sports wagering may be conducted. The program shall be  
3 designed to assist the corporation in determining potential problems or  
4 questionable activity and provide reports to sports governing bodies  
5 effectively;
- 6 (i) **Developing and implementing programs to ensure the highest integrity of**  
7 **fantasy contests;**
- 8 **(j)** Developing programs and procedures that will fulfill its oversight and  
9 regulatory role to ensure the highest integrity in charitable gaming;
- 10 **(k)**~~(j)~~ Developing programs and procedures that will provide oversight and  
11 regulation for all current forms of gaming and wagering;
- 12 **(l)**~~(k)~~ Annually evaluating the allocation and use of funds among the purposes  
13 listed in KRS 230.3612 from unredeemed pari-mutuel vouchers; and
- 14 **(m)**~~(l)~~ Ensuring that the correct responsibilities are assigned to each of its  
15 offices as established in KRS 230.232.
- 16 (6) (a) The corporation shall conduct all procurements in accordance with procedures  
17 which are not inconsistent with the provisions of KRS Chapter 45A and this  
18 chapter; provided, however, that this chapter shall control if and to the extent  
19 that any provision in this chapter is expressly inconsistent with any provision  
20 of KRS Chapter 45A.
- 21 (b) The corporation may promulgate administrative regulations establishing its  
22 procurement procedures. If the corporation elects to promulgate  
23 administrative regulations establishing its procurement procedures rather than  
24 conduct procurements in accordance with KRS Chapter 45A, the corporation  
25 may include sections of KRS Chapter 45A as part of its administrative  
26 regulations.
- 27 (c) Major procurements for personal service contracts shall not be subject to the

1 requirements of KRS 45A.695(2)(b) due to the unique operational activities  
2 conducted for state government by the corporation. The corporation's  
3 procurement procedures or administrative regulations shall be designed to  
4 provide for the purchase of supplies, equipment, services, and construction  
5 items that provide the greatest long-term benefit to the state and the greatest  
6 integrity for the corporation and the public.

7 (d) In its bidding and negotiation processes, the corporation may do its own  
8 bidding and procurement, or may utilize the services of the Finance and  
9 Administration Cabinet, or a combination thereof. The president of the  
10 corporation may, in lieu of the secretary of the Finance and Administration  
11 Cabinet, declare an emergency for purchasing purposes.

12 (7) Corporation records shall be open and subject to public inspection in accordance  
13 with KRS 61.870 to 61.884 unless:

14 (a) A record is exempted from inspection under KRS 61.878;

15 (b) A record involves a trade secret or other legally protected intellectual property  
16 or confidential proprietary information of the corporation or of an applicant,  
17 licensee, individual, or entity having submitted information of such character  
18 to the corporation, in which case, the portion of the record relating to these  
19 subjects may be closed; or

20 (c) The disclosure of the record could impair or adversely affect the operational  
21 security of the corporation in the regulation of matters within its jurisdiction  
22 or could impair or adversely impact the operational security of applicants or  
23 licensees.

24 (8) Meetings of the corporation through its board of directors shall be open to the  
25 public in accordance with KRS 61.800 to 61.850 unless the exceptions set forth in  
26 KRS 61.810 apply or the meeting addresses trade secrets, confidential or  
27 proprietary information, or operational security issues as described in subsection



1 (7)(c) of this section. If this is the case, the corporation may meet in closed session  
2 and shall follow the procedures set forth in KRS 61.815.

3 (9) The corporation may participate in all state agency price contracts to the same  
4 extent as agencies of the Commonwealth in accordance with KRS 45A.050(3).

5 (10) (a) The corporation is hereby authorized to accept and expend such moneys as  
6 may be appropriated by the General Assembly or such moneys as may be  
7 received from any source for effectuating its purposes, including without  
8 limitation the payment of the initial expenses of administration and operation  
9 of the corporation.

10 (b) After the transfer to the corporation of any funds appropriated in fiscal year  
11 2024-2025 and fiscal year 2025-2026 for the administration of this chapter  
12 and KRS Chapter 238, the corporation shall be self-sustaining and self-funded  
13 and moneys in the state general fund shall not be used or obligated to pay the  
14 expenses of the corporation.

15 (11) On July 1, 2024:

16 (a) The Kentucky Horse Racing and Gaming Corporation shall assume all  
17 responsibilities of the Kentucky Horse Racing Commission;

18 (b) The Kentucky Horse Racing Commission shall be abolished and all  
19 employees of the Kentucky Horse Racing Commission are transferred to the  
20 corporation; and

21 (c) All personnel, equipment, and funding shall be transferred from the Kentucky  
22 Horse Racing Commission to the Kentucky Horse Racing and Gaming  
23 Corporation.

24 (12) On July 1, 2025:

25 (a) The office regulating charitable gaming in the Kentucky Horse Racing and  
26 Gaming Corporation shall assume all responsibilities of the Department of  
27 Charitable Gaming;

1 (b) The Department of Charitable Gaming shall be abolished and all employees  
2 of the Department of Charitable Gaming are transferred to the corporation;  
3 and

4 (c) All personnel, equipment, and funding shall be transferred from the  
5 Department of Charitable Gaming to the Kentucky Horse Racing and Gaming  
6 Corporation.

7 (13) Notwithstanding any other law to the contrary, nothing in this chapter or KRS  
8 Chapter 238 shall authorize the corporation to:

9 (a) Regulate or control horse sales;

10 (b) Require the licensure of horse breeders in their capacity as breeders;

11 (c) Prohibit or restrict any approved, either by statute or administrative  
12 regulation, game or charitable gaming activity in use in the Commonwealth as  
13 of July 1, 2025, without action by the Kentucky General Assembly;~~or~~

14 (d) **This section shall not prohibit the corporation from denying, suspending or**  
15 **revoking a license, imposing probationary conditions on a license, issuing a**  
16 **written reprimand or warning, imposing fines or penalties, issuing cease**  
17 **and desist orders, or any combination thereof with regard to any licensee or**  
18 **person participating in charitable gaming in Kentucky for a violation of any**  
19 **federal or state statute, KRS Chapter 238, or any administrative regulation**  
20 **prescribed by the corporation pursuant to this chapter or KRS Chapter 238;**  
21 **or**

22 **(e)** Exercise jurisdiction over matters within the exclusive national authority of  
23 entities designated by the laws of the United States of America.

24 **(14) The Attorney General has concurrent jurisdiction with the Commonwealth's**  
25 **attorneys and county attorneys of this state for the enforcement and prosecution**  
26 **of offenses under this chapter and KRS Chapter 238.**

27 **(15) (a) A licensee required to submit a report to the corporation under this chapter**

1           or KRS Chapter 238 shall submit alongside the report an attestation that the  
2           report is true, correct, and complete to the best of the applicant's knowledge  
3           and belief under penalty of perjury; and  
4           **(b) Any information or data in the report provided to the corporation that is**  
5           **substantially misleading or containing materially false information shall be**  
6           **under penalty of refusal, suspension, or revocation of the license by the**  
7           **corporation.**

8           ➔Section 19. KRS 230.227 is amended to read as follows:

- 9           (1) (a) The affairs and responsibilities of the corporation shall be administered by a  
10               board of directors composed of seventeen (17) members. All seventeen (17)  
11               members shall be appointed by the Governor.
- 12           (b) The Governor shall appoint a chair and vice chair of the board, subject to the  
13               advice and consent of the Senate. A chair or vice chair appointed when the  
14               Senate is not in session shall serve only until the next regular session, or  
15               special session if such matter is included in the call therefor of the General  
16               Assembly, at which time the chair or vice chair shall be subject to  
17               confirmation by the Senate. If the Senate is not in session, the appointments  
18               shall be subject to review by the Interim Joint Committee on State  
19               Government, which shall hold a public hearing and shall transmit its  
20               recommendations to the Senate. If the Senate refuses to confirm the chair or  
21               vice chair, then the chair or vice chair shall forfeit the office as of the date on  
22               which the Senate refuses to confirm the chair or vice chair.
- 23           (c) Members of the board appointed by the Governor shall serve a term of four  
24               (4) years unless a member is removed, except the initial appointments under  
25               subsection (6)(c) of this section shall be as follows:
- 26               1. Two (2) year terms shall be served by:
- 27                   a. The five (5) members appointed under subsection (2)(b)2., 4., 6.,

- 1                               8., and 11. of this section;
- 2                               b.    Two (2) appointees under subsection (2)(b)1. of this section;
- 3                               c.    One (1) appointee under subsection (2)(b)5. of this section; and
- 4                               d.    One (1) appointee under subsection (2)(b)9. of this section; and
- 5                               2.    Three (3) year terms shall be served by:
- 6                               a.    The three (3) members appointed under subsection (2)(b)3., 7., and
- 7                               10. of this section;
- 8                               b.    One (1) appointee under subsection (2)(b)1. of this section;
- 9                               c.    Two (2) appointees under subsection (2)(b)5. of this section; and
- 10                              d.    Two (2) appointees under subsection (2)(b)9. of this section.
- 11   (2)   For appointments of the board of directors:
- 12           (a)   Any member appointed to fill a vacancy occurring other than by expiration of
- 13           a term shall be appointed for the remainder of the unexpired term; and
- 14           (b)   In making appointments, the Governor shall appoint members who meet the
- 15           following qualifications:
- 16                   1.    Three (3) members who represent the Thoroughbred industry;
- 17                   2.    One (1) member who represents the standardbred industry;
- 18                   3.    One (1) equine veterinarian who currently practices with race horses;
- 19                   4.    One (1) member shall be selected based on his or her training and
- 20                   experience in the fields of investigation and law enforcement;
- 21                   5.    Three (3) experts in the gaming industry, with knowledge about the
- 22                   technical and logistical sides of the wagering experience. At least one
- 23                   (1) of these experts shall have expertise in the technical and logistical
- 24                   sides of pari-mutuel wagering on previously run horse races;
- 25                   6.    One (1) expert in the operational aspects of the horse industry, with
- 26                   particular knowledge of horse breeding;
- 27                   7.    One (1) expert in the operational aspects of the horse industry, with

1 particular knowledge of horse racing;

2 8. One (1) horse trainer licensed under this chapter;

3 9. Three (3) charitable gaming representatives;

4 10. One (1) member who represents the quarter horse industry; and

5 11. One (1) at-large member with no financial interest in the business or  
6 industry regulated.

7 (3) (a) A member of the board of directors, by himself or herself or through others,  
8 shall not knowingly:

9 1. Use or attempt to use the member's influence in any manner which  
10 involves a substantial conflict between his or her personal or private  
11 interest and the member's duties to the corporation;

12 2. Use or attempt to use any means to influence the corporation in  
13 derogation of the corporation;

14 3. Use the member's official position or office to obtain financial gain for  
15 himself or herself, or any spouse, parent, brother, sister, or child of the  
16 director; or

17 4. Use or attempt to use his or her official position to secure or create  
18 privileges, exemptions, advantages, or treatment for the member or  
19 others in derogation of the interests of the corporation or of the  
20 Commonwealth.

21 (b) A director shall not appear before the board or the corporation in any manner  
22 other than as a director.

23 (c) A director shall abstain from action on an official decision in which he or she  
24 has or may have a personal or private interest, and shall disclose the existence  
25 of that personal or private interest in writing to each other member of the  
26 board on the same day on which the director becomes aware that the interest  
27 exists or that an official decision may be under consideration by the board.

1           This disclosure shall cause the decision on these matters to be made in a  
2           meeting of the members of the board who do not have the conflict from which  
3           meeting the director shall be absent and from all votes on which matters the  
4           director shall abstain.

5           (d) In determining whether to abstain from action on an official decision because  
6           of a possible conflict of interest, a director shall consider the following  
7           guidelines:

- 8           1. Whether a substantial threat to the director's independence of judgment  
9           has been created by his or her personal or private interest;
- 10          2. The effect of the director's participation on public confidence in the  
11          integrity of the corporation and of racing and gaming;
- 12          3. Whether the director's participation is likely to have any significant  
13          effect on the disposition of the matter;
- 14          4. The need for the director's particular contribution, such as special  
15          knowledge of the subject matter, to the effective functioning of the  
16          corporation; and
- 17          5. Whether the official decision will affect the director in a manner  
18          differently from the public, or will affect him or her as a member of a  
19          business, profession, occupation, or group to no greater extent generally  
20          than other members of the director's business, profession, occupation, or  
21          group.

22          Any director may request a vote of the disinterested members of the board on  
23          whether any director shall abstain from action on an official decision.

24          (e) A director shall not knowingly disclose or use confidential information  
25          acquired in the course of his or her official duties in order to further the  
26          director's own economic interests, or those of any person.

27          (f) A director shall not knowingly receive, directly or indirectly, any interest or

1 profit arising from the use or loan of corporation funds or funds to be raised  
2 through the corporation.

3 (g) A director shall not knowingly accept compensation, other than that provided  
4 in this section for directors, for performance of his or her official duties.

5 (h) A present or former director shall not, within one (1) year following  
6 termination of the director's membership on the board, accept employment,  
7 compensation, or other economic benefit from any person or business that  
8 contracts or does business with the corporation in matters in which he or she  
9 was directly involved during the director's tenure. This provision shall not  
10 prohibit an individual from continuing in the same business, firm, occupation,  
11 or profession in which he or she was involved prior to becoming a director,  
12 provided that, for a period of one (1) year following termination of his or her  
13 position as a director, the director personally refrains from working on any  
14 matter in which the director was directly involved as a director. A director's  
15 involvement in an official decision or other action of the corporation  
16 impacting a broad class of persons or entities, and affecting the director to no  
17 greater extent generally than the members of the class, shall not prohibit the  
18 director's employment or engagement as a member of the class for any period  
19 after service as a director.

20 (i) A director, or a spouse, child, brother, sister, or parent of that director shall  
21 not have a financial interest of more than five percent (5%) of the total value  
22 of any vendor, other supplier of goods or services to the corporation, or  
23 related entity. The corporation shall provide each member of the board with a  
24 list of all current vendors, which shall be updated on at least a quarterly basis.

25 (4) The board of directors shall:

26 (a) Approve, disapprove, amend, or modify the budget recommended by the  
27 president for the operation of the corporation;

- 1 (b) Approve, disapprove, amend, or modify the terms of major procurements  
2 recommended by the president;
- 3 (c) Determine whether to recommend administrative regulations to carry out and  
4 implement its powers and duties, the operation of the corporation, the conduct  
5 of live horse racing, pari-mutuel wagering, sports wagering, *fantasy contests,*  
6 *fixed-odds wagering,* breed integrity and development, and on and after July  
7 1, 2025, charitable gaming, and any other matters necessary or desirable for  
8 the efficient and effective operation of the corporation or convenience of the  
9 public;
- 10 (d) Review the performance of the corporation and:
- 11 1. Advise the president and make recommendations to him or her  
12 regarding operations of the corporation;
- 13 2. Identify potential improvements in this chapter, the administrative  
14 regulations of the corporation, and the management of the corporation;  
15 and
- 16 3. Request from the corporation any information the board determines to  
17 be relevant to its duties; and
- 18 (e) Provide the president with private-sector perspectives on the operation of a  
19 racing and gaming enterprise.
- 20 (5) In all other matters, the board shall advise and make recommendations.
- 21 (6) (a) The initial members of the board shall be the members of the Kentucky Horse  
22 Racing Commission serving as of July 1, 2024. Those members shall continue  
23 to serve as board members of the corporation for two (2) additional years until  
24 July 1, 2026. The initial three (3) board members of the corporation who are  
25 charitable gaming representatives shall be appointed on or after March 27,  
26 2025, to serve until July 1, 2026.
- 27 (b) Any board member vacancy that occurs between July 1, 2024, and July 1,



1           2026, shall be filled by appointment for the remainder of that time period. An  
2           appointment of the chair or vice chair created by a vacancy between July 1,  
3           2024, and July 1, 2026, shall require confirmation of the appointment by the  
4           Senate as provided in KRS 11.160 and subsection (1) of this section.

5           (c) Beginning on July 1, 2026, board members shall be appointed for initial and  
6           regular terms in accordance with this section.

7       (7) (a) Members of the board shall receive no compensation for serving on the board,  
8           but shall be reimbursed for travel expenses for attending meetings and  
9           performing other official functions consistent with the reimbursement policy  
10          for state employees established by KRS 45.101 and administrative regulations  
11          promulgated thereunder.

12          (b) The vice chair may act in the absence of the chair.

13          (c) Before entering upon the discharge of their duties, all members of the board of  
14          directors of the Kentucky Horse Racing and Gaming Corporation shall take  
15          the constitutional oath of office.

16       (8) (a) All persons appointed to the corporation shall be of good moral character and  
17          shall not have been convicted of, or under indictment for, a felony in  
18          Kentucky, in any other state, in federal court, or in a foreign country.

19          (b) A board member of the corporation, or any family member of a member of  
20          the corporation, at the time of appointment or during the member's tenure on  
21          the corporation, shall not be a member of the legislature, a person holding any  
22          elective office in the state government, or any officer or official of any  
23          political party.

24       (9) Each appointed board member of the corporation shall be required to undergo a  
25          national and state criminal background investigation. The criminal background  
26          investigation shall be by means of a fingerprint check by the Department of  
27          Kentucky State Police or equivalent state police body in the member's home state

1 and the Federal Bureau of Investigation, pursuant to the following requirements:

2 (a) The member shall provide his or her fingerprints to the Department of  
3 Kentucky State Police, or equivalent state police body in the member's home  
4 state, for submission to the Federal Bureau of Investigation after a state  
5 criminal background check is conducted;

6 (b) The results of the national and state criminal background check shall be sent  
7 to the corporation;

8 (c) The corporation shall be prohibited from releasing any criminal history record  
9 information to any private or public entity, or authorizing receipt by such  
10 private or public entity; and

11 (d) Any fee charged by the Department of Kentucky State Police or the Federal  
12 Bureau of Investigation shall be an amount no greater than the actual cost of  
13 processing the request and conducting the background check. The corporation  
14 may charge this fee to the member.

15 (10) (a) The Governor may remove any board member for misfeasance, malfeasance,  
16 or nonfeasance in office.

17 (b) The removal may be made after the member has been served with a copy of  
18 the charges against him or her and the member has a public hearing, if  
19 requested.

20 (c) The member charged may request a public hearing. The request shall be in  
21 writing and shall be submitted to the Governor's office within ten (10) days of  
22 the service of charges upon the member.

23 (d) If a public hearing is timely requested, the hearing shall be held before a  
24 hearing officer appointed by the Governor. The hearing officer shall make  
25 findings of fact and conclusions of law based upon the record of the hearing,  
26 and shall provide the Governor with a recommendation for action. The  
27 Governor's final decision, after recommendation by the hearing officer, may

1           be appealed to the Circuit Court of the county in which the cause of action  
2           arose.

3   (11) Members of the board of directors shall be subject to all applicable provisions of  
4       KRS Chapter 11A, except that this chapter shall control if and to the extent that any  
5       provision in this chapter is expressly inconsistent with any provision of KRS  
6       Chapter 11A.

7   (12) The provisions of KRS Chapters 18A and 64 shall not apply to the board, president,  
8       managers, or staff of the corporation.

9       ➔Section 20. KRS 230.232 is amended to read as follows:

10   (1) The president of the Kentucky Horse Racing and Gaming Corporation shall  
11       establish offices within the corporation. Each office shall have specific duties  
12       assigned by the president. Topics addressed by the offices shall include but not be  
13       limited to the following:

14       (a) Pari-mutuel wagering;

15       (b) Live horse racing;

16       (c) Breed development and integrity;

17       (d) Sports wagering;

18       (e) **Fantasy contests;**

19       **(f) Fixed-odds wagering;**

20       **(g)** Licensing, compliance, and investigations; and

21       **(h)**~~(f)~~ Charitable gaming.

22   (2) Each office shall be led by an office manager, and the president shall appoint the  
23       manager of each office.

24   (3) Each office may propose the promulgation of administrative regulations related to  
25       its area of jurisdiction, but the corporation shall have final authority to promulgate  
26       administrative regulations under this chapter and on and after July 1, 2025, final  
27       authority to promulgate administrative regulations under KRS Chapter 238.

- 1 (4) The Office of Charitable Gaming shall be responsible for making formal  
2 recommendations to the president on the following matters:
- 3 (a) Advancement of legal charitable gaming in the Commonwealth;
- 4 (b) Recommendations to ensure the highest integrity of charitable gaming  
5 activities and that Kentucky advances lawful charitable gaming;
- 6 (c) Recommending programs and policy changes to ensure the strength and  
7 growth of charitable gaming and the charitable gaming industry; and
- 8 (d) Monitoring and analyzing charitable organizations and technology needs of  
9 the charitable gaming industry to determine how best to satisfy those needs.

10 ➔Section 21. KRS 230.260 is amended to read as follows:

11 The corporation shall have all powers necessary and proper to carry out and effectuate the  
12 purposes and provisions of this chapter on and after July 1, 2024, and the purposes and  
13 provisions of KRS Chapter 238 on and after July 1, 2025, including but not limited to the  
14 following:

- 15 (1) The corporation is vested with jurisdiction and supervision over all live horse  
16 racing, pari-mutuel wagering, sports wagering, *fantasy contests, fixed-odds*  
17 *wagering*, breed integrity and development, and on and after July 1, 2025,  
18 charitable gaming, except for lottery games authorized under KRS Chapter 154A,  
19 in this Commonwealth and over all associations and all persons on association  
20 grounds and may eject or exclude therefrom or any part thereof, any person,  
21 licensed or unlicensed, whose conduct or reputation is such that the person's  
22 presence on association grounds may, in the opinion of the corporation, negatively  
23 reflect on the honesty and integrity of horse racing, or on sporting events upon  
24 which sports wagers may be placed, or interfere with the orderly conduct of horse  
25 racing or racing at horse race meetings, but no persons shall be excluded or ejected  
26 from association grounds solely on the ground of race, color, creed, national origin,  
27 ancestry, or sex;

- 1 (2) The corporation is vested with jurisdiction over any person or entity that offers  
2 advance deposit account wagering to Kentucky residents. Any such person or entity  
3 under the jurisdiction of the corporation shall be licensed by the corporation, and  
4 the corporation may impose a license fee not to exceed ten thousand dollars  
5 (\$10,000) annually. The corporation may, by administrative regulation promulgated  
6 in accordance with KRS Chapter 13A, establish conditions and procedures for the  
7 licensing of advance deposit account wagering providers to include but not be  
8 limited to:
- 9 (a) A fee schedule for applications for licensure; and  
10 (b) Reporting requirements to include quarterly reporting on:
- 11 1. The amount wagered on Kentucky races; and  
12 2. The total amount wagered by Kentuckians;
- 13 (3) The corporation is vested with jurisdiction over any totalizator company that  
14 provides totalizator services to a racing association located in the Commonwealth.  
15 A totalizator company under the jurisdiction of the corporation shall be licensed by  
16 the corporation, regardless of whether a totalizator company is located in the  
17 Commonwealth or operates from a location or locations outside of the  
18 Commonwealth, and the corporation may impose a license fee on a totalizator  
19 company. The corporation may, by administrative regulation promulgated in  
20 accordance with KRS Chapter 13A, establish conditions and procedures for the  
21 licensing of totalizator companies, and a fee schedule for applications for licensure;
- 22 (4) The corporation is vested with jurisdiction over any manufacturer, wholesaler,  
23 distributor, or vendor of any equine drug, medication, therapeutic substance, or  
24 metabolic derivative which is purchased by or delivered to a licensee or other  
25 person participating in Kentucky horse racing by means of the internet, mail  
26 delivery, in-person delivery, or other means;
- 27 (5) The corporation is vested with jurisdiction over any horse training center or facility

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

1 preserve the integrity of Kentucky horse racing or to protect the racing public. The  
2 corporation may, by administrative regulation, establish the criteria for taking the  
3 actions described in this subsection;

4 (12) The corporation may issue subpoenas for the attendance of witnesses before it and  
5 for the production of documents, records, papers, books, supplies, devices,  
6 equipment, and all other instrumentalities related to live horse racing, pari-mutuel  
7 wagering, sports wagering, *fantasy contests, fixed-odds wagering,* breed integrity  
8 and development, and on and after July 1, 2025, charitable gaming, within the  
9 Commonwealth. The corporation may administer oaths to witnesses and require  
10 witnesses to testify under oath whenever, in the judgment of the corporation, it is  
11 necessary to do so for the effectual discharge of its duties;

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

16 (14) The corporation may promulgate administrative regulations establishing safety  
17 standards for jockeys, which shall include the use of rib protection equipment. Rib  
18 protection equipment shall not be included in a jockey's weight;

19 (15) (a) The corporation ~~*shall*~~<sup>*may*</sup> promulgate administrative regulations *to*  
20 ~~*establish:*~~<sup>*establishing*</sup>

21 *1. A self-exclusion list for individuals who self-identify as being problem*  
22 *or compulsive gamblers;*

23 *2. A process for compilation and maintenance of the self-exclusion list;*

24 *3. A process for dissemination of the self-exclusion list; and*

25 *4. A process for notifying the public of the methods an individual may*  
26 *use to self-identify.*

27 (b) Self-exclusion information collected by each *required licensee*<sup>*racing*</sup>

1           ~~association]~~ shall be forwarded to the corporation~~], and the information from~~  
2           ~~the racing associations shall be compiled into a comprehensive list that shall~~  
3           ~~be provided to all racing associations].~~

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

6       (16) (a) The corporation may promulgate administrative regulations to establish  
7           standards for the conduct of sports wagering, including standards for  
8           receiving and paying out wagers, offering sports wagering through a website  
9           or mobile application, maintaining and auditing books and financial records,  
10          securely maintaining records of bets and wagers, integrity requirements for  
11          sports wagering and related data, suitability requirements for providers of  
12          associated equipment, geofence standards for wager placement, designated  
13          areas for sports wagering, surveillance and monitoring systems, and other  
14          reasonable technical criteria related to conducting sports wagering.

15          (b) The corporation may promulgate administrative regulations related to age  
16          requirements for placing sports wagers, availability of information related to  
17          sports wagers, and licensing requirements, including temporary  
18          authorizations, for service providers, vendors, and suppliers; and

19       (17) (a) On and after July 1, 2025, the corporation is vested with jurisdiction and  
20          supervision over all charitable gaming and may promulgate administrative  
21          regulations to establish standards for the conduct of charitable gaming  
22          consistent with the guidelines established in this chapter and KRS Chapter  
23          238. The corporation may eject or exclude therefrom or any part thereof, any  
24          person, licensed or unlicensed, whose conduct or reputation is such that the  
25          person's presence at a charitable gaming facility may, in the opinion of the  
26          corporation, negatively reflect on the honesty and integrity of charitable  
27          gaming, or interfere with the orderly conduct of charitable gaming at a



1 charitable gaming facility, but no persons shall be excluded or ejected from a  
2 charitable gaming facility solely on the ground of race, color, creed, national  
3 origin, ancestry, or sex.

4 (b) The administrative regulations of the Kentucky Horse Racing Commission  
5 that are in effect on July 1, 2024, shall remain in effect as the initial  
6 administrative regulations of the corporation until the corporation amends or  
7 repeals the administrative regulations pursuant to KRS Chapter 13A, except  
8 as provided by KRS 13A.3102, 13A.3104, and 13A.330.

9 (c) The administrative regulations of the Department of Charitable Gaming that  
10 are in effect on July 1, 2025, shall remain in effect as the initial administrative  
11 regulations of the corporation until the corporation amends or repeals the  
12 administrative regulations pursuant to KRS Chapter 13A, except as provided  
13 by KRS 13A.3102, 13A.3104, and 13A.330.

14 ➔Section 22. KRS 230.300 is amended to read as follows:

15 (1) Any person desiring to conduct horse racing at a horse race meeting within the  
16 Commonwealth of Kentucky or to engage in simulcasting and intertrack wagering  
17 as a receiving track during any calendar year shall first apply to the corporation for  
18 a license to do so. The application shall be filed at the corporation's general office  
19 on or before October 1 of the preceding year with respect to applications to conduct  
20 live horse race meetings, and with respect to intertrack wagering dates, and on  
21 forms prescribed by the corporation. The application shall include the following  
22 information:

23 (a) The full name and address of the person making application;

24 (b) The location of the place, track, or enclosure where the applicant proposes to  
25 conduct horse racing meetings;

26 (c) The dates on which the applicant intends to conduct horse racing, which shall  
27 be successive days unless authorized by the corporation;

- 1 (d) The proposed hours of each racing day and the number of races to be  
2 conducted;
- 3 (e) The names and addresses of all principals associated with the applicant or  
4 licensee;
- 5 (f) The type of organizational structure under which the applicant operates, i.e.,  
6 partnership, trust, association, limited liability company, or corporation, and  
7 the address of the principal place of business of the organization;
- 8 (g) Any criminal activities in any jurisdiction for which any individual listed  
9 under paragraphs (a) and (e) has been arrested or indicted and the disposition  
10 of the charges, and any current or on-going criminal investigation of which  
11 any of these individuals is the subject; and
- 12 (h) Any other information that the corporation by administrative regulation deems  
13 relevant and necessary to determine the fitness of the applicant to receive a  
14 license, including fingerprints of any individual listed under paragraphs (a)  
15 and (e), if necessary for proper identification of the individual or a  
16 determination of suitability to be associated with a licensed racing association.
- 17 (2) An application for association license shall be accompanied by the following  
18 documents:
- 19 (a) For a new license applicant, a financial statement prepared and attested to by a  
20 certified public accountant in accordance with generally accepted accounting  
21 principles, showing the following:
- 22 1. The net worth of the applicant;
- 23 2. Any debts or financial obligations owed by the applicant and the persons  
24 to whom owed; and
- 25 3. The proposed or current financing structure for the operation and the  
26 sources of financing.
- 27 (b) For a license renewal applicant, an audited financial statement for the prior

- 1 year;
- 2 (c) A copy of the applicant's federal and state tax return for the previous year.
- 3 Tax returns submitted in accordance with this provision shall be treated as
- 4 confidential;
- 5 (d) A statement from the Department of Revenue that there are no delinquent
- 6 taxes or other financial obligations owed by the applicant to the state or any of
- 7 its agencies or departments;
- 8 (e) A statement from the county treasurer of the county in which the applicant
- 9 conducts or proposes to conduct horse racing meetings that there are no
- 10 delinquent real or personal property taxes owed by the applicant.
- 11 (3) The completed application shall be signed by the applicant or the chief executive
- 12 officer if the applicant is an organization, sworn under oath that the information is
- 13 true, accurate, and complete, and the application shall be notarized.
- 14 (4) If there is any change in any information submitted in the application process, the
- 15 applicant or licensee shall notify the corporation within thirty (30) days of the
- 16 change.
- 17 (5) The corporation shall as soon as practicable, but in no event later than November 1
- 18 in any calendar year, award dates for racing in the Commonwealth during the next
- 19 year. After November 1, the corporation may authorize additional racing dates or
- 20 otherwise make adjustments or amendments to the racing dates awarded if doing
- 21 so is requested by the licensed association, supported by the applicable
- 22 horsemen's group, deemed to be in the best interest of racing, and if the change
- 23 impacts the race dates of another licensed association, only with the affected
- 24 licensed association's express written consent. In awarding dates, the corporation
- 25 shall consider and seek to preserve each track's usual and customary dates, as these
- 26 dates are requested. If dates other than the usual and customary dates are requested,
- 27 the applicant shall include a statement in its application setting forth the reasons the

1 requested dates are sought. Dates for the conduct of intertrack wagering shall be  
2 awarded as provided in KRS 230.377.~~[In the event scheduled racing is canceled by~~  
3 ~~reason of flood, fire, inclement weather, or other natural disaster or emergency, the~~  
4 ~~corporation may award after November 1 additional racing dates to make up for~~  
5 ~~those dates canceled.]~~

6 (6) The corporation may issue a license to conduct a horse race meeting to any  
7 association making the aforesaid application if the applicant meets the requirements  
8 established in KRS 138.530 and other applicable provisions of this chapter, and if  
9 the corporation finds that the proposed conduct of racing by the association would  
10 be in the best interest of the public health, safety, and welfare of the immediate  
11 community as well as to the Commonwealth.

12 (7) As a condition precedent to the issuance of a license, the corporation may require a  
13 surety bond or other surety conditioned upon the payment of all taxes due the  
14 Commonwealth, together with the payment of operating expenses including purses  
15 and awards to owners of horses participating in races.

16 (8) The corporation may impose a fee and may establish, by administrative regulation  
17 promulgated in accordance with KRS Chapter 13A, a fee schedule for association  
18 license applications.

19 (9) The corporation may require an applicant for an association license to submit to a  
20 background check of the applicant, or of any principal, individual, or organization  
21 associated with the applicant. The corporation shall not require a background check  
22 for any individual who is a principal as defined in KRS 230.210 but owns stock or  
23 financial interest in the applicant of less than ten percent (10%). An applicant shall  
24 be required to reimburse the corporation for the cost of any background check  
25 conducted.

26 (10) Every license issued under this chapter shall specify among other things the name  
27 of the person to whom issued, the address and location of the track where the horse

1 race meeting to which it relates is to be held or conducted, and the days and hours  
2 of the day when the meeting will be permitted; provided, however, that no track that  
3 is granted overlapping dates for the conduct of a live race meeting with another  
4 horse racing track within a fifty (50) mile radius shall be permitted to have a post  
5 time after 5:30 p.m., prevailing time for overlapping days between July 1 and  
6 September 15, unless agreed to in writing by the tracks affected.

7 (11) A license issued under this section is neither transferable nor assignable and shall  
8 not permit the conduct of a horse race meeting at any track not specified therein.  
9 However, if the track specified becomes unsuitable for racing because of flood, fire,  
10 or other catastrophe, the corporation may, upon application, authorize the meeting,  
11 or any remaining portion thereof, to be conducted at any other suitable track  
12 available for that purpose, provided that the owner of the track willingly consents to  
13 the use thereof.

14 (12) Horse racing dates may be awarded and licenses issued authorizing horse racing on  
15 any day of the year. Horse racing shall be held or conducted only between sunrise  
16 and midnight.

17 (13) The corporation may at any time require the removal of any official or employee of  
18 any association in those instances where it has reason to believe that the official or  
19 employee has been guilty of any dishonest practice in connection with horse racing  
20 or has failed to comply with any condition of his or her license or has violated any  
21 law or any administrative regulation of the corporation.

22 (14) Every horse race not licensed under this section is hereby declared to be a public  
23 nuisance and the corporation may obtain an injunction against the same in the  
24 Circuit Court of the county where the unlicensed race is proposed to take place.

25 ➔Section 23. KRS 230.310 is amended to read as follows:

26 (1) (a) Every person not required to be licensed under KRS 230.300 who desires to  
27 participate in horse racing in the Commonwealth as a horse owner, trainer,

1 jockey, apprentice jockey, agent, stable employee, racing official, association  
2 employee, or employee of a person or concern contracting with the  
3 association to provide a service or commodity and which requires their  
4 presence on association grounds during a race meeting, or veterinarian,  
5 farrier, horse dentist, or supplier of food, tack, medication, or horse feed, or in  
6 any other capacity as the corporation may establish by administrative  
7 regulation, shall first apply to the corporation for a license to participate in the  
8 activity on association grounds during a race meeting. ~~A~~~~No~~ person required  
9 to be licensed by this section shall not~~may~~ participate in any activity  
10 required to be licensed on association grounds during a race meeting without a  
11 valid license therefor.

12 (b) An applicant for a license shall submit to the corporation fingerprints as may  
13 be required and other information necessary and reasonable for processing a  
14 license application. The corporation is authorized to exchange fingerprint data  
15 with the Department of Kentucky State Police and the Federal Bureau of  
16 Investigation in order to conduct a criminal history background check of an  
17 applicant.

18 (c) The corporation may issue a license if it finds that the financial responsibility,  
19 age, experience, reputation, competence, and general fitness of the applicant  
20 to perform the activity permitted by a license are consistent with the best  
21 interest of racing and the maintenance of the honesty, integrity, and high  
22 quality thereof.

23 (2) (a) Every person who desires to participate in sports wagering in the  
24 Commonwealth working in a licensed facility for sports wagering, directly  
25 supervising individuals who have the capability of affecting the outcome of  
26 sports wagering, or having the capability to affect the outcome of sports  
27 wagering through deployment of code to production for any critical

1 component of a sports wagering system or the capability to deploy code to  
2 production shall first apply to the corporation for a valid occupational license  
3 to participate in that activity.

4 (b) An applicant for an occupational license shall submit to the corporation  
5 fingerprints as may be required and other information necessary and  
6 reasonable for processing a license application. The corporation is authorized  
7 to exchange fingerprint data with the Department of Kentucky State Police  
8 and the Federal Bureau of Investigation in order to conduct a criminal history  
9 background check of an applicant.

10 (c) The corporation may issue a license if it finds that the financial responsibility,  
11 age, experience, reputation, competence, and general fitness of the applicant  
12 to perform the activity permitted by a license are consistent with the best  
13 interest of sports wagering in the Commonwealth, and the maintenance of the  
14 honesty, integrity, and high quality thereof.

15 (3) (a) As used in this subsection:

16 1. "Affiliate" means an entity that is owned or controlled in whole or in  
17 part by the licensee; and

18 2. "Beneficial interest" means participation in the proceeds of charitable  
19 gaming either as a licensee, operator, or charitable recipient of the  
20 proceeds of the charity or foundation that receives proceeds.

21 (b) An association or track that holds a license to conduct racing under this  
22 chapter, or its affiliate, shall not hold a license to conduct charitable  
23 gaming under KRS Chapter 238 or have a beneficial interest in the  
24 proceeds of charitable gaming.

25 (c) Every person who desires to be licensed to participate in charitable gaming  
26 shall first meet the standards of this chapter and the standards established in  
27 KRS Chapter 238.

(d) The corporation may issue a license if it finds that the financial responsibility, age, experience, reputation, competence, and general fitness of the applicant to perform the activity permitted by a license are consistent with the best interest of charitable gaming in the Commonwealth, and the maintenance of honesty, integrity, and high quality thereof.

(4) A license may be issued for the calendar year for which an applicant applies or, if authorized by administrative regulation of the corporation, a license may be issued that expires on the last day of the birth month of the licensee. A license may be renewed by the corporation. The license shall be valid at all horse race meetings in the Commonwealth during the period for which it is issued unless suspended or revoked under the administrative regulations promulgated by the corporation under this chapter. The occupational license to participate in sports wagering may be suspended or revoked pursuant to administrative regulations promulgated by the corporation under this chapter. With respect to horse owners and trainers, the corporation may promulgate administrative regulations to facilitate and promote uniform, reciprocal licensing with other states.

➔Section 24. KRS 230.361 is amended to read as follows:

- (1) (a) The corporation may promulgate administrative regulations governing and regulating mutuel wagering on horse races under what is known as the pari-mutuel system of wagering.
- (b) The wagering shall be conducted only by a person licensed under this chapter to conduct a race meeting and only upon the licensed premises, and provided further that only pari-mutuel wagering on simulcasting shall be allowed at simulcast facilities.
- (c) 1. The pari-mutuel system of wagering shall be operated only by a totalizator or other mechanical equipment approved by the corporation. The corporation shall not require any particular make of equipment.



1           2. At the earliest opportunity consistent with existing contractual  
2           provisions, licensed totalizator companies, licensed race tracks, and  
3           associations shall:

4           a. Accelerate the adoption of technologies to promote and aid in the  
5           development of the operation of the wagering systems on live  
6           horse racing;

7           b. Update the totalizator and other mechanical equipment, which  
8           has been licensed by the corporation, to include commercially  
9           reasonable access to the betting odds for retail bettors by April 1,  
10          2027; and

11          c. At a minimum, update technologies related to the pari-mutuel  
12          system of wagering annually.

13       (2) The corporation may promulgate administrative regulations governing and  
14       regulating sports wagering, including administrative regulations for the deposit of  
15       funds by credit or debit cards or other means of electronic funds transfer. The  
16       corporation may promulgate administrative regulations to establish a fully  
17       functioning sports wagering system within six (6) months after June 29, 2023.

18       (3) The operation of a pari-mutuel system for betting, or the conduct of sports  
19       wagering, fantasy contests, or fixed-odds wagering, where authorized by law shall  
20       not constitute grounds for the revocation or suspension of any license issued and  
21       held under KRS 242.1238 and 243.265.

22       (4) Notwithstanding any law to the contrary:

23           (a) The corporation may promulgate administrative regulations governing all  
24           reported but unclaimed pari-mutuel winning tickets and unredeemed pari-  
25           mutuel vouchers held in this state by any person or association operating a  
26           pari-mutuel or similar system of betting authorized under this chapter; and

27           (b) The unclaimed pari-mutuel winning tickets and unredeemed pari-mutuel

1 vouchers shall be presumed abandoned if not claimed by the person entitled to  
2 them within one (1) year from the time the ticket was issued.

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

12 **(6) Licensed associations and tracks shall ensure all wagering is disabled**  
13 **simultaneously with, but not later than, the moment the starting gate is opened**  
14 **for commencement of a race.**

15 ➔Section 25. KRS 230.805 is amended to read as follows:

16 (1) The corporation shall institute a system of sports wagering in conformance with  
17 federal law, this chapter, and by administrative regulations promulgated under the  
18 authority of KRS 230.215.

19 (2) Sports wagering shall not be offered in this state except as authorized by this  
20 section and KRS 230.811. A track that holds a license to operate sports wagering  
21 may contract with sports wagering service providers to conduct or manage sports  
22 wagering operations as authorized by this chapter. Sports wagering may be  
23 provided at a licensed facility for sports wagering or online through a website or  
24 mobile application. The licensed facility for sports wagering or a sports wagering  
25 service provider may provide sports wagering through a website or mobile interface  
26 as approved by the corporation. The corporation may provide temporary licenses to  
27 licensed facilities for sports wagering or sports wagering service providers, if the

1 corporation deems that the information submitted by them is sufficient to determine  
2 the applicant's suitability. The corporation may promulgate administrative  
3 regulations to establish the suitability for temporary and ordinary license  
4 applications for licensed facilities for sports wagering, sports wagering service  
5 providers, and any related parties.

6 (3) Sports wagering licensees and service providers that accept wagers online via  
7 websites and mobile applications shall impose the following requirements:

8 (a) Prior to placing a wager online via websites or mobile applications operated  
9 by either a sports wagering licensee or a service provider, a patron shall  
10 register the patron's sports wagering account with the operating sports  
11 wagering licensee or service provider either in person at a licensed facility for  
12 sports wagering or remotely through the service provider's website or mobile  
13 application;

14 (b) 1. The registration process shall include attestation that the patron meets  
15 the requirements to place a wager with a sports wagering licensee or  
16 service provider in this state.

17 2. Prior to verification of a patron's identity, a sports wagering licensee or  
18 service provider shall not allow the patron to engage in sports wagering,  
19 make a deposit, or process a withdrawal via the patron's sports wagering  
20 account.

21 3. A sports wagering licensee or service provider shall implement  
22 commercially and technologically reasonable procedures to prevent  
23 access to sports wagering by any person under the age of twenty-one  
24 (21)~~eighteen (18)~~;

25 a. At a licensed facility; and

26 b. Online via website or mobile application.

27 4. A sports wagering licensee or service provider may use information

1                   obtained from third parties to verify that a person is authorized to open  
2                   an account, place wagers, and make deposits and withdrawals;

3           (c) A sports wagering licensee or service provider shall adopt an account  
4           registration policy to ensure that all patrons are authorized to place a wager  
5           with a sports wagering licensee or service provider within the Commonwealth  
6           of Kentucky. This policy shall include, without limitation, a mechanism by  
7           which to:

- 8           1. Verify the name and age of the patron;
- 9           2. Verify that the patron is not prohibited from placing a wager; and
- 10          3. Obtain the following information:
  - 11           a. A physical address other than a post office box;
  - 12           b. A phone number;
  - 13           c. A unique user name; and
  - 14           d. An email~~[e-mail]~~ account;

15          (d) A sports wagering licensee or service provider shall use all commercially and  
16          technologically reasonable means to ensure that each patron is limited to one  
17          (1) account with that service provider in the Commonwealth, but nothing in  
18          this paragraph restricts a patron from holding other sports wagering accounts  
19          in other jurisdictions;

20          (e) A sports wagering licensee or service provider, in addition to complying with  
21          state and federal law pertaining to the protection of the private, personal  
22          information of patrons, shall use all other commercially and technologically  
23          reasonable means to protect this information consistent with industry  
24          standards;

25          (f) A sports wagering licensee or service provider shall use all commercially and  
26          technologically reasonable means to verify the identity of the patron making a  
27          deposit or withdrawal;

- 1 (g) A sports wagering licensee or service provider shall utilize geolocation or  
2 geofencing technology to ensure that wagers are only accepted from patrons  
3 who are physically located in the Commonwealth. A sports wagering licensee  
4 or service provider shall maintain in this state its servers used to transmit  
5 information for purposes of accepting or paying out wagers on a sporting  
6 event placed by patrons in this state;
- 7 (h) A patron may fund the patron's account using any acceptable form of payment  
8 or advance deposit method, which shall include the use of cash, cash  
9 equivalents, credit cards, debit cards, automated clearing house, other  
10 electronic methods, and any other form of payment authorized by the  
11 corporation; and
- 12 (i) The corporation may enter into agreements with other jurisdictions or entities  
13 to facilitate, administer, and regulate multijurisdictional sports betting by  
14 sports betting operators to the extent that entering into the agreement is  
15 consistent with state and federal laws and the sports betting agreement is  
16 conducted only in the United States.
- 17 (4) A track may contract with no more than three (3) service providers at a time to  
18 conduct and manage services and technology which support the operation of  
19 sports betting both on the track and online via websites and mobile  
20 applications. The website or mobile application used to offer sports betting  
21 shall be offered only under the same brand as the track or that of the service  
22 provider contracted with the track, or both.
- 23 (5) A track or service provider through an agreement with a licensed track shall not  
24 offer sports wagering until the corporation has issued a sports wagering license to  
25 the track, except for temporary licenses authorized under KRS 230.814.
- 26 (6) (a) A track licensed under KRS 230.811 may offer sports wagering at a facility  
27 that meets the definition of "track" in KRS 230.210.

1 (b) A simulcast facility may offer sports wagering through an agreement with a  
2 track by using any of that track's already established service providers.

3 (7) (a) A track licensed under this chapter may conduct fixed-odds wagering on  
4 horse racing with or without a service provider.

5 (b) A track or service provider licensed under this chapter shall have a  
6 mandatory minimum hold of at least two thousand dollars (\$2,000) per race.

7 (c) The betting menu shall be determined by the host track.

8 (8) (a) As used in this subsection, "proposition bet" means a wager on the  
9 performance statistics of an individual athlete.

10 (b) A sports wagering licensee or service provider shall not offer or accept any  
11 proposition bets on individual athletes participating in collegiate sporting  
12 events for a collegiate team located in Kentucky.

13 (9) (a) As used in this subsection:

14 1. "Affiliate" means an entity that is owned or controlled in whole or in  
15 part by the licensee; and

16 2. "Beneficial interest" means participation in the proceeds of prediction  
17 markets or events contracts either as a licensee or operator of the  
18 proceeds or an entity that receives prediction market or events  
19 contracts proceeds in any capacity.

20 (b) A track or association that holds a license to conduct horse racing, sports  
21 wagering, or a licensee offering fantasy contests under this chapter or its  
22 affiliate shall not participate in or contract with platforms that offer events  
23 contracts through a prediction market or have a beneficial interest in the  
24 proceeds of prediction markets.

25 (c) A track or association licensed to conduct horse racing, sports wagering, or  
26 a licensee offering fantasy contests under this chapter or its affiliate or an  
27 entity in which it has a beneficial interest shall not contract with a service

1           provider that:

2           1. Offers events contracts through a prediction market; or

3           2. Owns, rents, licenses, advertises, operates, is partnered or affiliated  
4           with, or has a beneficial interest in, an entity that makes available to  
5           its users in any form a prediction market.

6   (10) This section shall not be construed to prevent a service provider or a track or  
7   association licensed to conduct horse racing, sports wagering, or a licensee  
8   offering fantasy contests under this chapter from offering advanced deposit  
9   account wagering as defined in Section 1 of this Act.

10       ➔Section 26. KRS 238.505 is amended to read as follows:

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

12   (1) "Adjusted gross receipts" means gross receipts from the conduct of charitable  
13       gaming less all cash prizes and the amount paid for merchandise prizes purchased;

14   (2) "Affiliate" means any corporation, partnership, association, or other business or  
15       professional entity or any natural person that directly or indirectly, through one or  
16       more intermediaries, controls, or is controlled by, or is under common control with  
17       a licensed manufacturer, distributor, or charitable gaming facility;

18   (3) "Bingo" means a specific game of chance in which participants use cards or paper  
19       sheets, or card-minding device representations thereof, divided into horizontal and  
20       vertical spaces, each of which is designated by a letter and a number, and prizes are  
21       awarded on the basis of the letters and numbers on the card conforming to a  
22       predetermined and preannounced configuration of letters and numbers selected at  
23       random;

24   (4) "Board" means the board of directors of the Kentucky Horse Racing and Gaming  
25       Corporation;

26   (5) "Card-minding device" means any mechanical, electronic, electromechanical, or  
27       computerized device that is interfaced with or connected to equipment used to

1 conduct a game of bingo and that allows a player to store, display, and mark a bingo  
2 card face. A card-minding device shall not be designed and manufactured to  
3 resemble any electronic gaming device that utilizes a video display monitor, such as  
4 a video lottery terminal, video slot machine, video poker machine, or any similar  
5 video gaming device;

6 (6) "Chairperson" means:

7 (a) The chief executive officer and any officer, member, or employee of a  
8 licensed charitable organization; or

9 (b) On and after July 1, 2027, an employee of the premises upon which the  
10 charitable gaming is conducted that is twenty-one (21) years of age or older,  
11 has completed training prescribed by the office, and has completed the  
12 required background checks;

13 who will be involved in the management and supervision of charitable gaming as  
14 designated in the organization's charitable gaming license application under KRS  
15 238.535(13)(g);

16 (7) "Charitable gaming" means bingo, charity game tickets, raffles, and charity  
17 fundraising events conducted for fundraising purposes by charitable organizations  
18 licensed and regulated under the provisions of this chapter. "Charitable gaming"  
19 shall not include slot machines, electronic video gaming devices, wagering on live  
20 sporting events, or simulcast broadcasts of horse races;

21 (8) "Charitable gaming facility" means a person, including a licensed charitable  
22 organization, that owns or is a lessee of premises which are leased or otherwise  
23 made available to two (2) or more licensed charitable organizations, other than  
24 itself, during a one (1) year period for the conduct of charitable gaming~~the~~  
25 ~~premises on which charitable gaming is conducted~~];

26 (9) "Charitable gaming supplies and equipment" means any material, device, apparatus,  
27 or paraphernalia customarily used in the conduct of charitable gaming, including



- 1 bingo cards and paper, charity game tickets, and other apparatus or paraphernalia  
2 used in conducting games of chance at charity fundraising events subject to  
3 regulation under this chapter. The term shall not include any material, device,  
4 apparatus, or paraphernalia incidental to the game, such as pencils, daubers, playing  
5 cards, or other supplies that may be purchased from normal sources of supply;
- 6 (10) "Charitable organization" means a nonprofit entity organized for charitable,  
7 religious, educational, literary, civic, fraternal, or patriotic purposes;
- 8 (11) "Charity fundraising event" means an activity of limited duration at which games of  
9 chance approved by the corporation are conducted, including bingo, raffles, charity  
10 game tickets, special limited charitable games, and wagering on prerecorded horse  
11 races, KRS Chapter 230 notwithstanding. Examples of such activities include  
12 events that attract patrons for community, social, and entertainment purposes apart  
13 from charitable gaming, such as fairs, festivals, carnivals, licensed charitable  
14 gaming organization conventions, bazaars, and banquets. For the purposes of this  
15 subsection, "banquet" shall mean a formal meal or feast held by a charitable  
16 organization for community, social, or entertainment purposes apart from charitable  
17 gaming;
- 18 (12) "Charity game ticket" means a game of chance using a folded or banded paper  
19 ticket, or a paper card with perforated break-open tabs, or electronic pulltab device  
20 representations thereof, the face of which is covered or otherwise hidden from view  
21 to conceal a number, letter, symbol, or set of numbers, letters, or symbols, some of  
22 which have been designated in advance as prize winners and shall include charity  
23 game tickets that utilize a seal card. "Charity game ticket" shall include pulltabs,  
24 both paper and electronic representations thereof;
- 25 (13) "Corporation" means the Kentucky Horse Racing and Gaming Corporation;
- 26 (14) "Distributor" means a person who sells, markets, leases, or otherwise furnishes to a  
27 charitable organization charitable gaming equipment or supplies, or both, used in

1 the conduct of charitable gaming. "Distributor" shall not include:

2 (a) A resident printer who prints raffle tickets at the request of a licensed  
3 charitable organization; and

4 (b) A licensed charitable organization that affects a one-time donation of  
5 charitable gaming supplies or equipment to another licensed charitable  
6 organization if the donation is first approved by the corporation;

7 (15) "Door prize" means a prize awarded to a person based solely upon the person's  
8 attendance at an event or the purchase of a ticket to attend an event;

9 (16) "Electronic pulltab device" means an electronic device used only for charitable  
10 gaming to facilitate the play of an electronic pulltab. An electronic pulltab device  
11 shall be a tablet or other personal computing device, other than a mobile phone or  
12 similar handheld device, as approved by the corporation. An electronic pulltab  
13 device may only operate on a closed network or intranet that is confined to the  
14 licensee's premises, and shall not be internet accessible by patrons, but shall be  
15 connected to a central server system solely for the purposes of monitoring,  
16 reporting, accounting, and software maintenance. An electronic pulltab device shall  
17 not be designed and manufactured to resemble any electronic gaming device that  
18 utilizes a video display monitor, such as a video lottery terminal, video slot  
19 machine, video poker machine, or any similar video gaming device;

20 (17) "Electronic video gaming device," as used in this chapter and the related  
21 administrative regulations, means any device that possesses a video display and  
22 computer mechanism for playing a game. Electronic video gaming device shall not  
23 mean any electronic representation of charitable gaming games identified, defined,  
24 and approved by statute and by administrative regulation of the corporation;

25 (18) "Gross receipts" means all moneys collected or received from the conduct of  
26 charitable gaming;

27 (19) "Immediate family" means:

1 (a) Spouse and parents-in-law;

2 (b) Parents and grandparents;

3 (c) Children and their spouses; and

4 (d) Siblings and their spouses;

5 (20) "Manufacturer" means a person who assembles from raw materials or subparts any  
6 charitable gaming equipment or supplies used in the conduct of charitable gaming,  
7 including a person who converts, modifies, and adds to or removes parts from,  
8 charitable gaming equipment and supplies. The term shall not include:

9 (a) Any person who services or repairs charitable gaming supplies and  
10 equipment, so long as that person replaces or repairs an incidental,  
11 malfunctioning, or nonfunctioning part with a similar or identical part; and

12 (b) Any distributor who cuts, collates, and packages for distribution any gaming  
13 supplies and equipment purchased in bulk;

14 (21) "Net receipts" means adjusted gross receipts from the conduct of charitable  
15 gaming less all expenses, charges, fees, and deductions authorized under this  
16 chapter;

17 (22) "Office" means the office regulating charitable gaming within the Kentucky Horse  
18 Racing and Gaming Corporation established by the president under KRS Chapter  
19 230;

20 (23) "President" means the president of the Kentucky Horse Racing and Gaming  
21 Corporation;

22 (24) "Raffle" means a game of chance in which a participant is required to purchase a  
23 ticket for a chance to win a prize, with the winner to be determined by a random  
24 drawing;

25 (25) "Seal card" means a board or placard used in conjunction with charity game tickets,  
26 that contains a seal or seals which, when removed or opened, reveal predesignated  
27 winning numbers, letters, or symbols;

- 1 (26) "Session" or "bingo session" means a single gathering at which a bingo game or  
2 series of successive bingo games are played, excluding bingo played at a charity  
3 fundraising event;
- 4 (27) "Special limited charitable game" means roulette; blackjack; poker; keno; money  
5 wheel; baccarat; pusher-type games; any dice game where the player competes  
6 against the house; and any other game of chance as identified, defined, and  
7 approved by administrative regulation of the corporation;
- 8 (28) "Special limited charity fundraising event" means any type of charity fundraising  
9 event, commonly known as and operated as a "casino night," "Las Vegas night," or  
10 "Monte Carlo night," at which the predominant number or types of games offered  
11 for play are special limited charitable games; and
- 12 (29) "Year" means calendar year except as used in KRS 238.535(11), 238.545(4),  
13 238.547(1), and 238.555(7), when "year" means the licensee's license year.
- 14 ➔Section 27. KRS 238.510 is amended to read as follows:
- 15 (1) The Office of Charitable Gaming is created as an office within the Kentucky Horse  
16 Racing and Gaming Corporation. Subject to the authority of the corporation, the  
17 office shall license and regulate the conduct of charitable gaming and license and  
18 regulate charitable organizations that desire to engage in charitable gaming,  
19 charitable gaming facilities, manufacturers, and distributors in the Commonwealth  
20 of Kentucky in accordance with the provisions of this chapter.
- 21 (2) The president shall employ necessary staff to administer and enforce the provisions  
22 of this chapter.
- 23 (3) No employee of the corporation during his or her term of employment shall be an  
24 officer in a charitable organization that is licensed to conduct charitable gaming or  
25 be involved in the conduct of charitable gaming as a member of a licensed  
26 charitable organization. No employee of the corporation during his or her term of  
27 employment shall be licensed as a manufacturer, distributor, or charitable gaming

1 facility, or have a financial interest in any business that is licensed as a  
2 manufacturer, distributor, or charitable gaming facility.

3 (4) The president may appoint investigators who may have the powers of peace officers  
4 throughout the Commonwealth for the purposes of enforcing this chapter and any  
5 law relating directly or indirectly to the conduct of horse racing, pari-mutuel  
6 wagering, sports wagering, and charitable gaming, as well as the enforcement of  
7 laws relating to the protection of persons or property on licensed premises. The  
8 peace officer powers of investigators appointed under this subsection~~[: however,~~  
9 ~~those powers]~~ shall be limited to:

10 (a) Enforcement of the provisions of KRS Chapters 230 and 238;

11 (b) Violations of KRS Chapter 528, relating to:

12 1. Unlicensed and illegal gaming;

13 2. Gambling offenses committed on licensed premises; and

14 3. Gambling offenses committed in conjunction with a legal gaming  
15 activity;

16 (c) Violations of KRS Chapter 514, relating to theft, embezzlement, or other  
17 illegal diversions of legal gaming proceeds;

18 (d) Violations of KRS Chapters 516 and 517, relating to forgery and fraud in the  
19 conduct of legal gaming;

20 (e) Violations relating to the damage or destruction of real or personal property  
21 owned or leased by a licensee; and

22 (f) Violation of any criminal felony offense committed:

23 1. On licensed gaming premises; and

24 2. In the presence of an investigator.

25 (5) Horse racing and gaming investigators may satisfy the certification standards  
26 established by the Department of Criminal Justice Training pursuant to KRS  
27 Chapter 15, but this certification shall not be required for any investigators hired

1 after July 1, 2025. Horse racing and gaming investigators shall not qualify for  
2 hazardous duty coverage under the Kentucky Employees Retirement System.

3 ~~[(6) Gaming investigators so appointed shall not possess peace officer powers other than  
4 those provided in subsection (4) of this section.]~~

5 ➔ Section 28. KRS 238.515 is amended to read as follows:

6 **Charitable gaming shall not be conducted in the Commonwealth except as authorized**  
7 **by this chapter and KRS Chapter 230.** The office shall license and regulate the conduct  
8 of charitable gaming in the Commonwealth of Kentucky as authorized by the  
9 corporation. The president may integrate office responsibilities into other corporation  
10 offices to ensure efficiencies and eliminate duplication of duties. Office powers and  
11 duties include:

12 (1) Licensing charitable organizations, charitable gaming facilities, manufacturers, and  
13 distributors that desire to engage in charitable gaming;

14 (2) **Refusing to issue or renew a license for cause, revoking or suspending a license,**  
15 **imposing probationary conditions on a license, issuing a written reprimand or**  
16 **admonishment or notice of violation, and imposing fines and penalties, or any**  
17 **combination thereof with regard to a licensee or other person participating in**  
18 **charitable gaming in Kentucky for violation of any federal or state statute or**  
19 **administrative regulation, or office directive, ruling, or order to preserve the**  
20 **integrity of charitable gaming in Kentucky or to protect the public from direct**  
21 **harm;**

22 **(3)** Establishing and enforcing reasonable standards for the conduct **and operation** of  
23 charitable gaming **activity** and the operation of charitable gaming facilities;

24 **(4) [(3)]** Prescribing reasonable fees for licenses **that do not exceed amounts**  
25 **established in this chapter;**

26 **(5) [(4)]** Establishing standards of accounting, recordkeeping, and reporting to insure  
27 charitable gaming receipts are properly accounted for;

1 ~~(6)~~~~(5)~~ Establishing a process for reviewing complaints and allegations of  
2 wrongdoing, and for investigating complaints with merit. In furtherance of this  
3 duty, the office may issue administrative subpoenas and summonses. The office  
4 shall also establish toll-free telephone service or an electronic method for receiving  
5 complaints and inquiries;

6 **(7) Investigating, auditing, and other reasonable actions to ensure compliance with**  
7 **this chapter;**

8 ~~(8)~~~~(6)~~ Taking appropriate disciplinary action, subject to the final order of the  
9 corporation, and making referrals for criminal prosecution of persons who do not  
10 operate in compliance with this chapter;

11 ~~(9)~~~~(7)~~ Collecting and depositing all fees and fines in the charitable gaming  
12 regulatory account to be administered by the corporation; and

13 ~~(10)~~~~(8)~~ Proposing administrative regulations **in accordance with KRS Chapter 13A**  
14 which are necessary to carry out the purposes and intent of this chapter. In  
15 proposing administrative regulations under this subsection, the office shall submit  
16 any proposed regulations to the Kentucky Horse Racing and Gaming Corporation.

17 ➔Section 29. KRS 238.525 is amended to read as follows:

18 (1) Licenses shall be issued by the office on an annual basis, except as otherwise  
19 permitted in KRS 238.530 and 238.545. A license term may be determined by the  
20 office in any manner it deems appropriate to facilitate efficient licensing. The office  
21 shall charge a **licensing and** renewal fee not to exceed the maximum amounts  
22 established in KRS 238.530, 238.535, and 238.555.

23 (2) The office may issue a temporary license to an applicant who has met the  
24 requirements for a license. A temporary license shall be valid from the date of  
25 issuance until the regular license is issued or for a period of sixty (60) days,  
26 whichever is shorter. A temporary license shall not be renewed, except for good  
27 cause and shall not exceed a total of nine (9) months in length.

- 1 (3) An applicant for any license to be issued under KRS 238.530 and 238.555 **and**  
2 **Section 31 of this Act** shall be subjected to a state and national criminal history  
3 background check by the office, with the assistance of the Department of Kentucky  
4 State Police and the Federal Bureau of Investigation. An applicant for any license to  
5 be issued under KRS 238.535 shall be subjected to a state criminal history  
6 background check and may, if deemed reasonably necessary, be subjected to a  
7 national criminal history background check by the office with the assistance of the  
8 Department of Kentucky State Police and the Federal Bureau of Investigation.
- 9 **(4)** The criminal history background check shall apply to:
- 10 **(a)** The chief executive officer and the chief financial officer or director of an  
11 applicant;
- 12 **(b)** Any employee or member of an applicant who has been designated as  
13 chairperson of the charitable gaming activity;
- 14 **(c)** The applicant itself;~~and~~
- 15 **(d)** Any individual with a ten percent (10%) or more financial interest in the  
16 applicant; **and**
- 17 **(e) Any other person associated with the applicant the corporation determines**  
18 **necessary to ensure the general fitness of the applicant to perform the**  
19 **activity permitted by the license.**
- 20 **(5) (a)** The office shall require the fingerprinting of all applicants for licensure under  
21 KRS 238.530 and 238.555 and may require, if deemed reasonably necessary,  
22 the fingerprints of all applicants for licensure under KRS 238.535, who are  
23 natural persons in connection with the national criminal history background  
24 check to assure the identity of the applicant or applicants.
- 25 **(b)** The office may charge a reasonable fee not to exceed the actual cost of  
26 fingerprinting and records searching.
- 27 **(6)(4)** No applicant shall be licensed and no license holder shall be able to maintain



1 a license if an individual associated with the applicant or license holder in a  
2 capacity listed in subsection ~~(4)~~~~(3)~~ of this section, or **an individual required by**  
3 **the corporation to undergo a background check pursuant to subsections (3) and**  
4 **(4) of this section, or** the applicant or license holder itself has been convicted of a  
5 felony, gambling offense, criminal fraud, forgery, theft, falsifying business records,  
6 violation of KRS 238.995(7), **any crime where dishonesty is a necessary element,**  
7 **any crime of moral turpitude,** or any two (2) misdemeanor crimes in federal court  
8 or the courts of any state, the District of Columbia, or any territory, consistent with  
9 the provisions of KRS Chapter 335B within ten (10) years preceding the application  
10 for licensure.

11 ~~(7)~~~~(5)~~ No applicant shall be licensed unless all applicants required to be  
12 fingerprinted under~~the provision of~~ subsection (3) **and (4)** of this section have  
13 been fingerprinted. The Department of Kentucky State Police may submit  
14 fingerprints of any applicant to the Federal Bureau of Investigation for the national  
15 criminal history background check. The corporation may by administrative  
16 regulation impose additional qualifications to meet the requirements of Pub. L. No.  
17 92-544.

18 ~~(8)~~~~(6)~~ If a change occurs in any information submitted during the license application  
19 process, the applicant or licensee shall notify the office in writing within thirty (30)  
20 days of the date the change occurred.

21 ➔Section 30. KRS 238.530 is amended to read as follows:

22 (1) ~~A~~~~No~~ person shall **not** sell, offer to sell, rent, lease, or otherwise furnish charitable  
23 gaming supplies or equipment unless the person is licensed by the office as a  
24 distributor. The office shall charge a license fee not to exceed **five thousand dollars**  
25 **(\$5,000)**~~one thousand dollars (\$1,000)~~.

26 (2) ~~A~~~~No~~ person shall **not** sell, offer to sell, rent, lease, or otherwise furnish charitable  
27 gaming supplies and equipment unless the person is licensed by the office as a

1 manufacturer. The office shall charge a license fee not to exceed **five thousand**  
2 **dollars (\$5,000)**~~one thousand dollars (\$1,000)]~~.

3 (3) ~~A[No]~~ person who is licensed as a charitable organization, and ~~an[no]~~ owner,  
4 officer, employee, or member of the immediate family of an owner, officer, or  
5 employee of a licensed charitable gaming facility shall **not** be eligible for licensure  
6 as a distributor or manufacturer. ~~An[No]~~ affiliate of an owner, officer, or employee,  
7 or member of the immediate family of an owner, officer, or employee of a licensed  
8 charitable gaming facility shall **not** be licensed as a distributor or manufacturer.  
9 ~~A[No]~~ person who is a licensed wholesaler or distributor of alcoholic beverages  
10 shall **not** be licensed as a distributor or manufacturer. ~~A[No]~~ person who is licensed  
11 as a distributor shall **not** be licensed as a manufacturer, and ~~a[no]~~ person licensed as  
12 a manufacturer shall **not** be licensed as a distributor.

13 (4) An applicant for a license as a manufacturer or distributor shall apply for license on  
14 forms provided by the office and shall submit as part of the application process the  
15 following:

- 16 (a) The full name, address, date of birth, and Social Security number of the  
17 applicant;
- 18 (b) If the applicant is a corporation or other business entity, the names, addresses,  
19 dates of birth, and Social Security numbers of all officers and management  
20 personnel;
- 21 (c) The name, address, date of birth, and Social Security number of any  
22 individual who has ten percent (10%) or more financial interest in the  
23 applicant organization;
- 24 (d) Federal employer tax number;
- 25 (e) A sworn statement by the applicant or the appropriate officer that all  
26 information provided is true and correct and that the applicant agrees to  
27 comply with the applicable provisions of this chapter and all applicable

- 1 administrative regulations promulgated thereunder;
- 2 (f) The name, address, and telephone number of a registered agent within the
- 3 Commonwealth of Kentucky, if the applicant is not a resident; and
- 4 (g) Any other information the office deems appropriate.
- 5 (5) Each licensed manufacturer and distributor shall maintain a complete set of records
- 6 as may be required by the office to document all activities related to the sale, rental,
- 7 lease, or furnishing of charitable gaming supplies and equipment in the
- 8 Commonwealth of Kentucky. These records shall be available for inspection by the
- 9 office at reasonable times, and all records shall be maintained for a minimum of
- 10 three (3) years. The office may require a licensed manufacturer and distributor to
- 11 report on its activity, with the content and frequency of these reports to be
- 12 prescribed by administrative regulation promulgated by the corporation.
- 13 (6) A distributor who does not receive payment in accordance with the terms of its
- 14 sales or lease agreement from a licensed charitable organization within thirty (30)
- 15 days of the delivery of charitable gaming supplies and equipment shall notify the
- 16 office of the delinquency in writing in a form and manner prescribed by the office.
- 17 A manufacturer who does not receive payment in full from a distributor within sixty
- 18 (60) days of the delivery of charitable gaming supplies and equipment shall notify
- 19 the office of the delinquency in writing in a form and manner prescribed by the
- 20 office.
- 21 (7) A licensed manufacturer shall not sell charitable gaming supplies and equipment to
- 22 any person not licensed as a distributor in the Commonwealth of Kentucky.
- 23 (8) A licensed distributor shall not sell charitable gaming supplies and equipment to
- 24 any person not licensed as a distributor or a charitable organization in the
- 25 Commonwealth of Kentucky, unless the organization is exempted from licensure
- 26 under the provisions of this chapter.
- 27 (9) A licensed distributor shall not purchase charitable gaming supplies and equipment

1 from any person not licensed as a manufacturer or distributor in the Commonwealth  
2 of Kentucky.

3 (10) ~~An~~~~No~~ officer, owner, employee, or contractee of a licensed distributor or licensed  
4 manufacturer or their affiliates and ~~a~~~~no~~ member of the immediate family of an  
5 owner, officer, employee, or contractee of a licensed distributor or licensed  
6 manufacturer or their affiliates, shall **not**, with respect to a licensed charitable  
7 organization:

- 8 (a) Manage or otherwise be involved in the conduct of charitable gaming;
- 9 (b) Provide bookkeeping or other accounting services related to the conduct of  
10 charitable gaming;
- 11 (c) Handle any moneys generated in the conduct of charitable gaming;
- 12 (d) Advise a licensed charitable organization on the expenditure of net receipts;
- 13 (e) Provide transportation services in any manner to patrons of a charitable  
14 gaming activity;
- 15 (f) Provide advertisement or marketing services in any manner to a licensed  
16 charitable organization;
- 17 (g) Provide, coordinate, or solicit the services of personnel or volunteers in any  
18 manner;
- 19 (h) Provide training or consulting on the conduct of charitable gaming, except in  
20 connection with the use of its own equipment or supplies;
- 21 (i) Store its charitable gaming equipment or supplies in or on the premises of a  
22 licensed charitable gaming facility; or
- 23 (j) Donate or give any prize to be awarded in the conduct of charitable gaming.

24 ➔Section 31. KRS 238.535 is amended to read as follows:

25 (1) Any charitable organization conducting charitable gaming in the Commonwealth of  
26 Kentucky shall be licensed by the corporation. A charitable organization qualifying  
27 under subsection (12) of this section but not exceeding the limitations provided in

1 this subsection shall be exempt from the licensure requirements when conducting  
2 the following charitable gaming activities:

- 3 (a) Bingo in which the gross receipts do not exceed a total of twenty-five  
4 thousand dollars (\$25,000) per year;
- 5 (b) A raffle or raffles for which the gross receipts do not exceed twenty-five  
6 thousand dollars (\$25,000) per year; and
- 7 (c) A charity fundraising event or events that do not involve special limited  
8 charitable games and the gross gaming receipts for which do not exceed  
9 twenty-five thousand dollars (\$25,000) per year.

10 However, at no time shall a charitable organization's total limitations under this  
11 subsection exceed twenty-five thousand dollars (\$25,000).

- 12 (2) (a) Any charitable organization exempt from the process of applying for a license  
13 under subsection (1) of this section, shall notify the office in writing, on a  
14 simple form issued by the office, of its intent to engage in exempt charitable  
15 gaming and the address at which the gaming is to occur. Any charitable  
16 organization exempt from the process of applying for a license under  
17 subsection (1) of this section consents to the jurisdiction of the corporation  
18 and shall comply with all other provisions of this chapter relating to the  
19 conduct of charitable gaming, except:

- 20 1. Payment of the fee imposed under the provisions of KRS 238.570; and
- 21 2. The quarterly reporting requirements imposed under the provisions of  
22 KRS 238.550(7), unless the exempt charitable organization obtains a  
23 retroactive license pursuant to subsection (9) of this section.

- 24 (b) Before January 31 of the year immediately following the year of exemption, a  
25 charitable organization exempt from licensure under the provisions of  
26 subsection (1) of this section shall file a financial report with the office, on a  
27 form issued by the office, that contains the following information:

- 1           1.    The type of gaming activity in which it engaged during that year;
- 2           2.    The total gross receipts derived from gaming;
- 3           3.    The amount of charitable gaming expenses paid;
- 4           4.    The amount of net receipts derived; and
- 5           5.    The disposition of those net receipts.
- 6   (3)   An exemption that has been granted to a charitable organization for the preceding
- 7         calendar year shall be automatically renewed on January 1 of the following year.
- 8   (4)   If upon receipt of the financial report the office determines that the information
- 9         appearing on the financial report renders the charitable organization ineligible to
- 10        possess an exemption, the office shall notify the charitable organization that its
- 11        exemption is rescinded. The organization may request an appeal of this rescission
- 12        pursuant to KRS 238.565.
- 13   (5)   If the annual financial report is not received by January 31, the exemption is
- 14         automatically rescinded unless an extension of no more than thirty (30) days is
- 15         granted by the office. The organization may request an appeal of this rescission
- 16         pursuant to KRS 238.565.
- 17   (6)   If an exemption is revoked because an organization has exceeded the limit imposed
- 18         in subsection (1) of this section, the organization shall apply for a retroactive
- 19         license in accordance with subsection (7) of this section.
- 20   (7)   If an organization exceeds the limit imposed by any subsection of this section it
- 21         shall:
- 22         (a)    Report the amount to the office; and
- 23         (b)    Apply for a retroactive charitable gaming license.
- 24   (8)   Upon receipt of a report and application for a retroactive charitable gaming license,
- 25         the office shall investigate to determine if the organization is otherwise qualified to
- 26         hold the license.
- 27   (9)   If the office determines that the applicant is qualified, it shall issue a charitable

1 gaming license retroactive to the date on which the exemption limit was exceeded.  
2 The retroactive charitable gaming license shall be issued in the same manner as  
3 regular charitable gaming licenses.

4 (10) If the office determines that the applicant is not qualified it shall deny the license  
5 and take enforcement action, if appropriate.

6 (11) Once a retroactive or regular gaming license is issued to an organization, that  
7 organization shall not be eligible for exempt status in the future and shall maintain a  
8 charitable gaming license if it intends to continue charitable gaming activities,  
9 unless the charitable organization has not exceeded the exemption limitations of  
10 subsection (1) of this section for a period of two (2) years prior to its exemption  
11 request.

12 (12) (a) In order to qualify for licensure, a charitable organization shall:

13 1. a. Possess a tax exempt status under 26 U.S.C. secs. 501(c)(3),  
14 501(c)(4), 501(c)(8), 501(c)(10), or 501(c)(19), or be covered  
15 under a group ruling issued by the Internal Revenue Service under  
16 authority of those sections; or

17 b. Be organized within the Commonwealth of Kentucky as a local  
18 school district, as a common school as defined in KRS 158.030, as  
19 an institution of higher education as defined in KRS 164A.305, or  
20 as a state college or university as provided for in KRS 164.290. A  
21 common school, a program or organization affiliated with a  
22 common school, or any combination of common schools and  
23 programs affiliated with common schools located within a local  
24 school district may conduct charitable gaming under the local  
25 school district's charitable gaming license;

26 2. Have been established and continuously operating within the  
27 Commonwealth of Kentucky for charitable purposes, other than the

1           conduct of charitable gaming, for a period of three (3) years prior to  
2           application for licensure. For purposes of this paragraph, an applicant  
3           shall demonstrate establishment and continuous operation in Kentucky  
4           by its conduct of charitable activities from an office physically located  
5           within Kentucky both during the three (3) years immediately preceding  
6           its application for licensure and at all times during which it possesses a  
7           charitable gaming license. However, a charitable organization that  
8           operates for charitable purposes in more than ten (10) states and whose  
9           principal place of business is physically located in a state other than  
10          Kentucky may satisfy the requirements of this paragraph if it can  
11          document that it has:

12          a.    Been actively engaged in charitable activities and has made  
13                reasonable progress, as defined in subparagraph 3. of this  
14                paragraph, in the conduct of charitable activities or the expenditure  
15                of funds within Kentucky for a period of three (3) years prior to  
16                application for licensure; and

17          b.    Operated for charitable purposes from an office or place of  
18                business in the Kentucky county where it proposes to conduct  
19                charitable gaming for at least one (1) year prior to application for  
20                licensure, in accordance with subparagraph 4. of this paragraph  
21                and paragraph (c) of this subsection;

22          3.    Have been actively engaged in charitable activities during the three (3)  
23                years immediately prior to application for licensure and be able to  
24                demonstrate, to the satisfaction of the office, reasonable progress in  
25                accomplishing its charitable purposes during this period. As used in this  
26                paragraph, "reasonable progress in accomplishing its charitable  
27                purposes" means the regular and uninterrupted conduct of activities



1 within the Commonwealth or the expenditure of funds within the  
2 Commonwealth to accomplish relief of poverty, advancement of  
3 education, protection of health, relief from disease, relief from suffering  
4 or distress, protection of the environment, conservation of wildlife,  
5 advancement of civic, governmental, or municipal purposes, or  
6 advancement of those purposes delineated in KRS 238.505(10). In order  
7 to demonstrate reasonable progress in accomplishing its charitable  
8 purposes when applying to renew an existing license, a licensed  
9 charitable organization shall additionally provide to the office a detailed  
10 accounting regarding its expenditure of charitable gaming net receipts  
11 for the purposes described in this paragraph;~~and~~

- 12 4. Have maintained an office or place of business, other than for the  
13 conduct of charitable gaming, for at least one (1) year in the county in  
14 which charitable gaming is to be conducted. The office or place of  
15 business shall be a separate and distinct address and location from that  
16 of any other licensee of the Office of Charitable Gaming; except that up  
17 to three (3) licensed charitable organizations may have the same address  
18 if they legitimately share office space; **and**

19 **5. Comply with administrative regulations imposed by the corporation.**

- 20 (b) 1. A charitable organization that has established and maintained an office  
21 or place of business in the county for a period of at least one (1) year  
22 may hold a raffle drawing or a charity fundraising event, including  
23 special limited charity fundraising events, in a Kentucky county other  
24 than that in which the organization's office or place of business is  
25 located.  
26 2. For raffles, the organization shall notify the Office of Charitable  
27 Gaming in writing of the organization's intent to change the drawing's

1 location at least thirty (30) days before the drawing takes place. This  
2 written notification:

3 a. May be transmitted in any commercially reasonable means,  
4 authorized by the office, including facsimile and electronic mail;  
5 and

6 b. Shall set out the place and the county in which the drawing will  
7 take place.

8 Approval by the office shall be received prior to the conduct of the raffle  
9 drawing at the new location.

10 (c) Any charitable organization that was registered with the county clerk to  
11 conduct charitable gaming in a county on or before March 31, 1992, shall  
12 satisfy the requirement contained in paragraph (a)4. of this subsection if it  
13 maintained a place of business or operation, other than for the conduct of  
14 charitable gaming, for one (1) year prior to application in a Kentucky county  
15 adjoining the county in which they were registered.

16 (13) In applying for a license, the information to be submitted shall include but not be  
17 limited to the following:

18 (a) The name and address of the charitable organization;

19 (b) The date of the charitable organization's establishment in the Commonwealth  
20 of Kentucky and the date of establishment in the county or counties in which  
21 charitable gaming is to be conducted;

22 (c) A statement of the charitable purpose or purposes for which the organization  
23 was organized. If the charitable organization is incorporated, a copy of the  
24 articles of incorporation shall satisfy this requirement;

25 (d) A statement explaining the organizational structure and management of the  
26 organization. For incorporated entities, a copy of the organizations' bylaws  
27 shall satisfy this requirement;

- 1 (e) A detailed accounting of the charitable activities in which the charitable  
2 organization has been engaged for the three (3) years preceding application  
3 for licensure;
- 4 (f) The names, addresses, dates of birth, and Social Security numbers of all  
5 officers of the organization;
- 6 (g) The names, addresses, dates of birth, employment information if applicable,  
7 and Social Security numbers of all employees and members of the charitable  
8 organization who will be involved in the management and supervision of  
9 charitable gaming. No fewer than two (2) employees or members of the  
10 charitable organization who are involved in the management and supervision  
11 of charitable gaming, along with the chief executive officer or the director of  
12 the applicant organization, shall be designated as chairpersons;
- 13 (h) The address of the location at which charitable gaming will be conducted and  
14 the name and address of the owner of the property, if it is owned by a person  
15 other than the charitable organization;
- 16 (i) A copy of the letter or other legal document issued by the Internal Revenue  
17 Service to grant tax-exempt status;
- 18 (j) A statement signed by the presiding or other responsible officer of the  
19 charitable organization attesting that the information submitted in the  
20 application is true and correct and that the organization agrees to comply with  
21 all applicable laws and administrative regulations regarding charitable  
22 gaming;
- 23 (k) An agreement that the charitable organization's records may be released by  
24 the Federal Internal Revenue Service to the office; and
- 25 (l) Any other information the office deems appropriate.
- 26 (14) (a) An organization or a group of individuals that does not meet the licensing  
27 requirements of subsection (12) of this section may hold a raffle if:

- 1           1.    The gross receipts do not exceed five hundred dollars (\$500);
- 2           2.    All proceeds from the raffle are distributed to a charitable organization;
- 3                and
- 4           3.    The organization or group of individuals holds no more than three (3)
- 5                raffles each year;
- 6                and shall be exempt from complying with the notification, application, and
- 7                reporting requirements of subsections (2) and (13) of this section.
- 8       (b)   An organization or a group of individuals that does not meet the licensing
- 9               requirements of subsection (12) of this section may hold a raffle if:
- 10           1.   The organization holds a special event raffle license issued by the office
- 11               and complies with the regulatory requirements in this chapter, including
- 12               but not limited to the quarterly reporting requirements of KRS
- 13               238.550(7), the retention requirements of KRS 238.536, and payment of
- 14               the fee imposed by KRS 238.570;
- 15           2.   The organization possesses a tax-exempt status under 26 U.S.C. sec.
- 16               501(c)(7);
- 17           3.   The organization holds no more than twelve (12) raffles per year;
- 18           4.   Each raffle complies with the office's raffle standards in KRS 238.545
- 19               and administrative regulations promulgated thereunder and is approved
- 20               by the office in writing prior to the sale of the first raffle ticket;
- 21           5.   The gross receipts of each raffle do not exceed five hundred thousand
- 22               dollars (\$500,000); and
- 23           6.   One hundred percent (100%) of the net receipts of each raffle shall be
- 24               distributed to a charitable organization licensed by the office pursuant to
- 25               subsection (12) of this section to conduct charitable gaming as follows:
- 26               a.   All distributed net receipts shall be maintained by the recipient
- 27                    licensed charitable organization in a separate account to be

1 designated as the "raffle recipient account";

2 b. All distributed net receipts shall be expended by the recipient  
3 licensed charitable organization to further the charitable purpose of  
4 the recipient licensed charitable organization as required by KRS  
5 238.550(4); and

6 c. All distributed net receipts, and the expenditure thereof, shall be  
7 reported to the office and be subject to the office's auditing and  
8 investigative authority consistent with the provisions of this  
9 chapter.

10 (c) An applicant qualifying under paragraph (b) of this subsection shall submit an  
11 application for a special event raffle license, and the information to be  
12 submitted shall include but not be limited to the following:

- 13 1. The name and address of the organization;
- 14 2. The date of the organization's establishment in the Commonwealth of  
15 Kentucky and the date of the organization's establishment in the county  
16 or counties in which charitable gaming is to be conducted;
- 17 3. A statement of the purpose or purposes for which the organization was  
18 organized and identification of the licensed charitable organization to  
19 which the applicant will distribute its net receipts. If the organization is  
20 incorporated, a copy of the articles of incorporation shall satisfy this  
21 requirement;
- 22 4. A statement explaining the organizational structure and management of  
23 the organization. For incorporated entities, a copy of the organization's  
24 bylaws shall satisfy this requirement;
- 25 5. The names, addresses, dates of birth, and Social Security numbers of all  
26 officers of the organization;
- 27 6. The names, addresses, dates of birth, and Social Security numbers of all

- 1 employees and members of the organization who will be involved in the  
2 management and supervision of charitable gaming. No fewer than two  
3 (2) employees or members of the organization who are involved in the  
4 management and supervision of charitable gaming, along with the chief  
5 executive officer or the director of the applicant organization, shall be  
6 designated as chairpersons;
- 7 7. The address of the location at which charitable gaming will be  
8 conducted and the name and address of the owner of the property, if it is  
9 owned by a person other than the organization;
- 10 8. A copy of the letter or other legal document issued by the Internal  
11 Revenue Service to grant tax-exempt status;
- 12 9. A statement signed by the presiding or other responsible officer of the  
13 organization attesting that the information submitted in the application is  
14 true and correct and that the organization agrees to comply with all  
15 applicable laws and administrative regulations regarding charitable  
16 gaming;
- 17 10. An agreement that the organization's records may be released by the  
18 federal Internal Revenue Service to the office; and
- 19 11. Any other information as determined by the corporation through the  
20 promulgation of administrative regulations.
- 21 (15) The office may issue a license for a specified period of time, based on the type of  
22 charitable gaming involved and the desired duration of the activity.
- 23 (16) The office shall charge a fee for each license issued and renewed, not to exceed **one**  
24 **thousand dollars (\$1,000)**~~three hundred dollars (\$300)~~. Specific fees to be  
25 charged may be prescribed in a graduated scale promulgated by administrative  
26 regulations of the corporation and based on type of license, type of charitable  
27 gaming, actual or projected gross receipts, or other applicable factors, or

1 combination of factors.

2 (17) (a) A licensed charitable organization may place its charitable gaming license in  
3 escrow if:

- 4 1. The licensee notifies the office in writing that it desires to place its  
5 license in escrow; and
- 6 2. The license is in good standing and the office has not initiated  
7 disciplinary action against the licensee.

8 (b) During the escrow period, the licensee shall not engage in charitable gaming,  
9 and the escrow period shall not be included in calculating the licensee's  
10 retention rate under KRS 238.536.

11 (c) A charitable organization may apply for reinstatement of its active license and  
12 the license ~~may~~shall be reinstated provided:

- 13 1. The charitable organization continues to qualify for licensure;
- 14 2. The charitable organization has not engaged in charitable gaming during  
15 the escrow period; and
- 16 3. The charitable organization pays a reinstatement fee established by the  
17 office.

18 **(18) (a) At least sixty (60) days prior to the expiration of its existing license or its**  
19 **first expected date of gaming, facility operation, or business operations in**  
20 **Kentucky during the license period, an applicant shall submit a complete,**  
21 **accurate, and documented application. The office shall review the**  
22 **application and notify the applicant in writing of any deficiencies in the**  
23 **application within thirty (30) days. An application shall not be considered**  
24 **complete until all deficiencies are resolved.**

25 **(b) If the applicant does not file a written response to a deficiency request,**  
26 **provide requested information and documents, or otherwise cure the**  
27 **identified deficiency within thirty (30) days of the written notice, the**

1 application shall be deemed withdrawn.

2 (c) If the applicant files a written response to a deficiency request within thirty  
3 (30) days of the written notice, but the response does not cure the identified  
4 deficiency, the office shall issue a subsequent deficiency notice within thirty  
5 (30) days. If the deficiency is incapable of being cured, the office shall deny  
6 the license.

7 (d) Once the office has received a complete application, it shall grant or deny  
8 the license within sixty (60) days of receipt. The office may issue a  
9 temporary license to an applicant that has submitted a complete and  
10 accurate license application form, and has complied with all other licensing  
11 requirements in this section, until the office makes a final decision to grant  
12 or deny the annual license.

13 ➔SECTION 32. KRS 238.538 IS REPEALED AND REENACTED TO READ  
14 AS FOLLOWS:

15 (1) (a) A licensed charitable organization shall only offer the play of electronic  
16 charity game tickets and electronic pulltab devices at one (1) of the  
17 following locations as approved and authorized by the corporation:

18 1. The office location of the charitable organization;

19 2. The location where the charitable organization is licensed to conduct  
20 bingo; or

21 3. The location where charity fundraising events as defined in this  
22 chapter are authorized;

23 (b) In addition to one (1) of the locations in paragraph (a) of this subsection, a  
24 licensed charitable organization may have one (1) additional location that  
25 offers the play of electronic charity game tickets and electronic pulltab  
26 devices in either the same county or a county that is contiguous to the  
27 charitable organization's office location.



1 (2) (a) 1. Within ninety (90) days after the effective date of this Act, a charitable  
2 gaming facility licensed prior to the effective date of this Act shall  
3 initiate transfer of its charitable gaming facility license.

4 2. The charitable gaming facility licensed prior to the effective date of  
5 this Act shall first transfer its license to one (1) of the licensed  
6 charitable organizations it was affiliated with as of January 1, 2026,  
7 and which transfer is not inconsistent with the applicable provision of  
8 KRS Chapter 238, and next to any licensed charitable organization.

9 3. The charitable gaming facility licensed prior to the effective date of  
10 this Act shall transfer its license by submitting to the corporation, in  
11 order, information for the first licensed charitable organization as  
12 required in subparagraph 2. of this paragraph and the next choice of  
13 licensed charitable organization if the first declines the transfer or is  
14 not approved by the corporation to receive the transfer.

15 (b) The licensed charitable organization shall:

16 1. Be notified by the corporation of the charitable gaming facility's intent  
17 to transfer; and

18 2. Apply with the corporation to receive the license by transfer under  
19 paragraph (a) of this subsection.

20 (c) The corporation shall:

21 1. Not unreasonably withhold its approval of the licensed charitable  
22 organization seeking approval under paragraph (b) of this subsection;  
23 and

24 2. Accept or deny the transfer within ninety (90) days of receiving the  
25 application.

26 (3) A charitable gaming facility may transfer no more than three (3) licenses under  
27 this section from locations where persons twenty-one (21) years of age and under

1 are permitted to locations where only persons twenty-one (21) years of age and  
2 older are permitted, within ninety (90) days of the effective date of this Act.

3 (4) (a) Notwithstanding subsection (1) of this section, a licensed charitable  
4 organization offering the play of electronic charity game tickets or  
5 electronic pulltab devices at more than one (1) additional location as  
6 provided in subsection (1) of this section on July 1, 2025, may continue to  
7 offer those activities at an additional location. Authorization to offer the  
8 play of electronic charity game tickets and electronic pulltab devices at an  
9 additional location shall be lost and forfeited, and those activities ceased at  
10 an additional location, upon occurrence of any of the following:

- 11 1. Change of ownership or transfer of the charitable organization, or the  
12 charitable organization's permanent cessation of charitable gaming;
- 13 2. Failure to maintain a valid lease due to expiration and termination of  
14 lease agreements;
- 15 3. Failure by the licensee to comply with all charitable gaming  
16 requirements;
- 17 4. Failure or inability of the existing facility or location to restrict access  
18 to persons twenty-one (21) years of age or older;
- 19 5. Failure to timely report changes to the additional location or to update  
20 the information submitted to the corporation as part of the licensing  
21 process; or
- 22 6. Failure to provide information as requested or ordered by the  
23 corporation, related to the conduct of charitable gaming at the  
24 additional location.

25 (b) A licensed charitable organization shall not be required to cease activities  
26 and may move to a new location that is restricted to ages twenty-one (21)  
27 and older, if any of the following occurs:

- 1           1. A sale or transfer of ownership of any part of the property where the
- 2           additional location is located;
- 3           2. A sale or transfer of ownership of the business where the additional
- 4           location is located; or
- 5           3. Any closure of the location for ninety (90) days or more, which shall
- 6           include closures due to acts of God.
- 7   (5) Notwithstanding subsection (1) of this section, a licensed charitable organization
- 8   that offers the play of electronic charity game tickets or electronic pulltab devices
- 9   at more than one (1) additional location as provided in subsection (1) of this
- 10   section on July 1, 2025, shall lose, forfeit, and cease those activities at all
- 11   additional locations upon occurrence of any of the following:
- 12   (a) Suspension or revocation of a license due to a violation;
- 13   (b) Failure by the licensee to timely reapply for licensure or pay all required
- 14   licensure fees; or
- 15   (c) Engagement in activities that would pose a threat to the public interest or
- 16   the effective regulation of charitable gaming in Kentucky, or enhance the
- 17   dangers of unsuitable, unfair, or illegal practices, methods, and activities in
- 18   the conduct of charitable gaming or in the operation of the business and
- 19   financial arrangements incidental thereto.
- 20   (6) (a) Beginning April 15, 2026, until April 15, 2027, the Kentucky Horse Racing
- 21   and Gaming Corporation shall not authorize locations for the play of
- 22   electronic charity game tickets beyond the office location of the charitable
- 23   organization, the location where the charitable organization is licensed to
- 24   conduct bingo, and the location where pre-approved charitable fundraising
- 25   events are authorized.
- 26   (b) Paragraph (a) of this subsection shall not:
- 27   1. Prevent electronic charity game ticket activities and electronic charity

game ticket locations operating prior to April 15, 2026, from being resupplied or updated; or

2. Apply if the corporation promulgates administrative regulations that regulate electronic charity game tickets.

➔Section 33. KRS 238.540 is amended to read as follows:

- (1) Charitable gaming shall be conducted by a licensed charitable organization at the location, date, and time which shall be stated on the license. The licensee shall request a change in the date, time, or location of a charitable gaming event by mail, electronic mail, or facsimile transmission, and shall submit a lease and an original signature of an officer. The office shall process this request and issue or deny a license within ten (10) days.
- (2) All premises or facilities on which or in which charitable gaming is conducted shall meet all applicable federal, state, and local code requirements relating to life, safety, and health.
- (3) A license to conduct charitable gaming shall be prominently displayed on or in the premises where charitable gaming is conducted, in a conspicuous location that is readily accessible to gaming patrons as well as employees of the office, law enforcement officials, and other interested officials.
- (4) At least one (1) chairperson who is listed on the application for licensure shall be at each charitable gaming activity conducted by the charitable organization and shall be responsible for the administration and conduct of the charitable gaming activity. A person shall not serve as chairperson for more than one (1) charitable organization. The chairperson shall be readily identifiable as the chairperson and shall be present on the premises continuously during the charitable gaming activity. Charitable gaming shall be conducted and administered solely by officers, members, and bona fide employees of the licensed charitable organization. Volunteer personnel, who may or may not be members of the licensed charitable

1 organization, may be utilized if each volunteer is readily identifiable as a volunteer.  
2 A person may serve as volunteer personnel for up to six (6) charitable gaming  
3 events or sessions per week. A person engaged in the conduct and administration of  
4 charitable gaming shall not receive any compensation for services related to the  
5 charitable gaming activities, including tipping. Net receipts derived from charitable  
6 gaming shall not inure to the private benefit or financial gain of any individual. Any  
7 effort or attempt to disguise any other type of compensation or private inurement  
8 shall be considered an unauthorized diversion of funds and shall be actionable  
9 under KRS 238.995.

10 (5) A licensed charitable organization shall not contract with, or otherwise utilize the  
11 services of, any management company, service company, or consultant in managing  
12 or conducting any aspect of charitable gaming.

13 (6) A licensed charitable organization shall not purchase or lease charitable gaming  
14 supplies and equipment from any person not licensed as a distributor in the  
15 Commonwealth of Kentucky.

16 (7) A licensed charitable organization shall not accept any merchandise prizes donated  
17 by any owner, officer, employee, or contractee of a licensed manufacturer,  
18 distributor, charitable gaming facility, or any of their affiliates, or any member of  
19 their immediate families.

20 (8) (a) Each organization's gaming supplies shall be maintained in a location separate  
21 from another organization's gaming supplies.

22 (b) This location shall also be locked and access shall be controlled.

23 (c) Unless otherwise directed by the office, an organization's supplies and  
24 equipment remain the property of the organization regardless of where they  
25 are stored and must be accessible to the organization at all reasonable times  
26 upon request.

27 (9) Any advertisement of charitable gaming, regardless of the medium used, shall

1 contain the name of the charitable organization conducting the charitable gaming  
2 and its license number. An advertisement for a bingo session or sessions shall not  
3 advertise a bingo prize in excess of the limitation of five thousand dollars (\$5,000)  
4 per twenty-four (24) hour period set forth in KRS 238.545(1).

5 (10) A person under the age of twenty-one (21) shall not participate in the play of  
6 charitable gaming activities or events. A licensed charitable organization  
7 authorized to offer the play of electronic pulltab devices shall restrict access to the  
8 area or areas where electronic pulltab devices are located and ensure persons  
9 under the age of twenty-one (21) do not access those areas or participate in the  
10 play of those activities.

11 (11) (a) If a licensed charitable organization is offering for play electronic pulltab  
12 devices at premises that are restricted in their entirety to ages twenty-one  
13 (21) and over, the charitable organization shall establish one (1) cordoned-  
14 off area for all electronic pulltab devices that is readily visible to the  
15 chairperson for monitoring the charitable gaming activity.

16 (b) If a licensed charitable organization is offering for play electronic pulltab  
17 devices at premises where persons under the age of twenty-one (21) are  
18 allowed and five (5) or more devices are present, the charitable organization  
19 shall:

20 1. Establish one (1) cordoned-off area for all electronic pulltab devices  
21 that is readily visible to the chairperson for monitoring the charitable  
22 gaming activity;

23 2. Keep a chairperson, who is employed by the licensed charitable  
24 organization, on staff full-time to monitor the entrance of the  
25 cordoned-off area to persons twenty-one (21) and over; and

26 3. Allow patrons access only after identification is checked by the  
27 chairperson to confirm the patron is twenty-one (21) years or older.

1 (c) If a licensed charitable organization is offering for play electronic pulltab  
2 devices at premises where persons under the age of twenty-one (21) are  
3 allowed and four (4) or fewer devices are present, the charitable  
4 organization shall:

5 1. Establish one (1) cordoned-off area for all electronic pulltab devices  
6 that is readily visible to the chairperson for monitoring the charitable  
7 gaming activity;

8 2. Keep a chairperson on staff to monitor the entrance of the cordoned-  
9 off area to persons over twenty-one (21) and over; and

10 3. Allow patrons access only after identification is checked by the  
11 chairperson to confirm the patron is twenty-one (21) years or older.

12 (d) If a licensed charitable organization violates paragraph (a), (b), or (c) of  
13 this subsection, the licensed charitable organization or charitable gaming  
14 facility shall be:

15 1. Fined for:

16 a. The first violation, one thousand dollars (\$1,000); and

17 b. The second violation, two thousand five hundred dollars  
18 (\$2,500); and

19 2. For the third violation within a one (1) year period at the same  
20 premises, prohibited from conducting charitable gaming at the  
21 premises.

22 (e) The corporation may promulgate administrative regulations in accordance  
23 with KRS Chapter 13A that are reasonably necessary to ensure the safety  
24 and well-being of minors and the security of the premises in its entirety.

25 (12) (a) Notwithstanding this section, a licensed charitable organization may  
26 provide reasonable remuneration to a chairperson who is required to attend  
27 trainings by the corporation or who is required to check identification to

1                   enter a cordoned-off area for the time spent conducting those trainings or  
2                   identification checks.

3                   **(b) Prior to July 1, 2027, the corporation shall create an online version for the**  
4                   **training of chairpersons.**

5                   ➔Section 34. KRS 238.545 is amended to read as follows:

6                   (1) A licensed charitable organization shall be limited by the following:

7                   (a) In the conduct of bingo, to one (1) session per day, three (3) sessions per  
8                   week, for a period not to exceed five (5) consecutive hours in any day and not  
9                   to exceed fifteen (15) total hours per week:

10                   1. A licensed charitable organization shall not conduct bingo at more than  
11                   one (1) location during the same twenty-four (24) hour period;

12                   2. A licensed charitable organization shall not award prizes for bingo that  
13                   exceed five thousand dollars (\$5,000) in fair market value per twenty-  
14                   four (24) hour period, including the value of door prizes; and

15                   3. A person under the age of **twenty-one (21)**~~eighteen (18)~~ shall not be  
16                   permitted to purchase bingo supplies or play bingo unless he or she is  
17                   playing for noncash prizes and is accompanied by a parent or legal  
18                   guardian and only if the value of any noncash prize awarded does not  
19                   exceed ten dollars (\$10);

20                   (b) 1. A licensed charitable organization may provide card-minding devices  
21                   for use by players of bingo games.

22                   2. If a licensed charitable organization offers card-minding devices for use  
23                   by players, the devices shall be capable of being used in conjunction  
24                   with bingo cards or paper sheets at all times.

25                   3. Subject to the authority of the corporation, the office shall have broad  
26                   authority to define and regulate the use of card-minding devices and the  
27                   corporation may promulgate an administrative regulation concerning use



1 and control of them;

2 (c) Charity game tickets shall be sold only at the address of the location  
3 designated on the license to conduct charitable gaming;

4 (d) Charity game tickets may be sold, with prior approval of the office:

5 1. At any authorized special charity fundraising event conducted by a  
6 licensed charitable organization at any off-site location; or

7 2. By a licensed charitable organization possessing a special limited  
8 charitable gaming license at any off-site location; and

9 (e) An automated charity game ticket dispenser may be utilized by a licensed  
10 charitable organization, with the prior approval of the office, only at the  
11 address of the location designated on the license to conduct charitable gaming.  
12 The corporation may promulgate administrative regulations regulating the use  
13 and control of approved automated charity game ticket dispensers.

14 (2) (a) A prize for an individual charity game ticket shall not exceed **one thousand**  
15 **four hundred ninety-nine dollars (\$1,499)**~~five hundred ninety-nine dollars~~  
16 ~~(\$599)~~ in value, not including the value of cumulative or carryover prizes  
17 awarded in seal card games.

18 (b) Cumulative or carryover prizes in seal card games shall not exceed two  
19 thousand four hundred dollars (\$2,400).

20 (c) Information concerning rules of the particular game and prizes that are to be  
21 awarded in excess of fifty dollars (\$50) in each separate package or series of  
22 packages with the same serial number and all rules governing the handling of  
23 cumulative or carryover prizes in seal card games shall be posted prominently  
24 in an area where charity game tickets are sold. A legible poster that lists prizes  
25 to be awarded, and on which prizes actually awarded are posted at the  
26 completion of the sale of each separate package shall satisfy this requirement.

27 (d) Any unclaimed money or prize shall return to the charitable organization.

- 1 (e) A paper charity game ticket shall not be sold in the Commonwealth of  
2 Kentucky that does not conform to the standards for opacity, randomization,  
3 minimum information, winner protection, color, and cutting established by the  
4 office.
- 5 (f) An electronic pulltab device representation of a charity game ticket shall not  
6 be sold in the Commonwealth of Kentucky that does not conform to the  
7 construction standards set forth in an administrative regulation promulgated  
8 by the corporation. Electronic pulltab devices shall only be used for charitable  
9 gaming.
- 10 (g) A person under the age of twenty-one (21)~~eighteen (18)~~ shall not be  
11 permitted to purchase, or open in any manner, a charity game ticket.
- 12 (3) (a) Tickets for a raffle shall be sold separately, and each ticket shall constitute a  
13 separate and equal chance to win.
- 14 (b) All raffle tickets shall be sold for the price stated on the ticket, and a person  
15 shall not be required to purchase more than one (1) ticket or to pay for  
16 anything other than a ticket to enter a raffle.
- 17 (c) Raffle tickets and tickets for charity fundraising raffle games approved by the  
18 office which are offered exclusively at charity fundraising events and special  
19 limited charity fundraising events are not required to be sold separately and  
20 may be sold at discounted package rates.
- 21 (d) Raffle tickets shall have a unique identifier on each ticket.
- 22 (e) Winners shall be drawn at random at a date, time, and place announced in  
23 advance or printed on the ticket.
- 24 (f) All prizes for a raffle shall be identified in advance of the drawing and all  
25 prizes identified shall be awarded.
- 26 (4) With respect to charity fundraising events, a licensed charitable organization shall  
27 be limited as follows:

- 1 (a) A licensed charitable organization shall not conduct a charity fundraising  
2 event or a special limited charity fundraising event unless they have a license  
3 for the respective event issued by the office;
- 4 (b) A special license shall not be required for any wheel game, such as a cake  
5 wheel, that awards only noncash prizes the value of which does not exceed  
6 one hundred dollars (\$100);
- 7 (c) The office may grant approval for a licensed charitable organization to play  
8 bingo games at a charity fundraising event. Cash prizes for bingo games  
9 played during a charity fundraising event may not exceed five thousand  
10 dollars (\$5,000) for the entire event. A person under the age of twenty-one  
11 (21)~~eighteen (18)~~ shall not be permitted to play bingo at a charity  
12 fundraising event unless accompanied by a parent or legal guardian;
- 13 (d) The office may grant approval for a licensed charitable organization to play  
14 special limited charitable games at a charity fundraising event authorized  
15 under this section. The office shall not grant approval for the playing of  
16 special limited charitable games under the provisions of a charity fundraising  
17 event license unless the proposed event meets the definition of a charity  
18 fundraising event held for community, social, or entertainment purposes apart  
19 from charitable gaming in accordance with KRS 238.505(11);
- 20 (e) Except for state, county, city fairs, and special limited charity fundraising  
21 events, a charity fundraising event license issued under this section shall not  
22 exceed seventy-two (72) consecutive hours. A licensed charitable  
23 organization shall not be eligible for more than eight (8) total charity  
24 fundraising event licenses per year, including two (2) special limited charity  
25 fundraising event licenses. A person under twenty-one (21)~~eighteen (18)~~  
26 years of age shall not be allowed to play or conduct any special limited  
27 charitable game. Subject to the authority of the corporation, the office shall

1 have broad authority to regulate the conduct of special limited charity  
2 fundraising events in accordance with the provisions of KRS 238.547; and

3 (f) Charity fundraising events may be held:

- 4 1. On or in the premises of a licensed charitable organization;
- 5 2. In a licensed charitable gaming facility, subject to restrictions contained  
6 in KRS 238.555(7); or
- 7 3. At an unlicensed facility which shall be subject to the requirements  
8 stipulated in KRS 238.555(3), and subject to the restrictions contained in  
9 KRS 238.547(2).

10 (5) *In any prosecution for selling charitable gaming supplies to a minor, it shall be*  
11 *an affirmative defense that the sale was induced by the use of false, fraudulent,*  
12 *or altered identification papers or other documents and that the appearance and*  
13 *character of the purchaser were such that the purchaser's age could not have*  
14 *been ascertained by any other means and that the purchaser's appearance and*  
15 *character indicated strongly that the purchaser was of legal age to purchase*  
16 *charitable gaming supplies. This evidence may be introduced either in mitigation*  
17 *of the charge or as a defense to the charge itself*~~[Presentation of false, fraudulent,~~  
18 ~~or altered identification by a minor shall be an affirmative defense in any~~  
19 ~~disciplinary action or prosecution that may result from a violation of age restrictions~~  
20 ~~contained in this section, if the appearance and character of the minor were such~~  
21 ~~that his or her age could not be reasonably ascertained by other means].~~

22 ➔Section 35. KRS 238.555 is amended to read as follows:

- 23 (1) (a) ~~A~~~~No~~ person~~[or organization]~~ shall **not** operate a charitable gaming facility  
24 unless the person~~[or organization]~~ is licensed under the provisions of this  
25 chapter, except that ~~[facilities that are utilized by two (2) or fewer charitable~~  
26 ~~organizations for the purpose of conducting charitable gaming, and [facilities~~  
27 that only host charity fundraising events~~[,]]~~ shall be exempt from licensure.

- 1 (b) The office shall charge a license fee not to exceed **five thousand dollars**  
2 **(\$5,000)**~~two thousand five hundred dollars (\$2,500)~~. Specific license fees to  
3 be charged shall be:
- 4 1. Prescribed in a graduated scale promulgated by administrative  
5 regulation; and
  - 6 2. Based on the number of sessions which the facility holds per week or  
7 other applicable factors or combination of factors.
- 8 (c) Charitable gaming may be conducted in a charitable gaming facility only by a  
9 licensed charitable organization in accordance with the provisions of this  
10 chapter.
- 11 (2) In the application process, an applicant for a charitable gaming facility license shall  
12 submit the following information:
- 13 (a) The address of the facility;
  - 14 (b) A description of the facility to include square footage of the gaming area,  
15 capacity levels, and available parking;
  - 16 (c) **The applicant's ability to manage and operate the charitable gaming facility**  
17 **and comply with all applicable standards;**
  - 18 **(d)** The names, addresses, dates of birth, and Social Security numbers of all  
19 individuals employed by or contracted with the applicant to manage the  
20 facility or provide other authorized services;
  - 21 **(e)**~~(d)~~ The name, address, date of birth, and Social Security number of any  
22 individual who has a ten percent (10%) or greater financial interest in the  
23 facility;
  - 24 **(f)**~~(e)~~ A copy of the lease agreement used by the applicant; and
  - 25 **(g)**~~(f)~~ Any other information the office deems appropriate.
- 26 (3) **An**~~No~~ owner, officer, employee, or contractee of a licensed charitable gaming  
27 facility or an affiliate, or any member of the immediate family of any officer,

1 employee, or contractee of a licensed charitable gaming facility or an affiliate shall  
2 **not**, concerning a lessee:

- 3 (a) Manage or otherwise be involved in the conduct of charitable gaming;
- 4 (b) Provide bookkeeping or other accounting services related to the conduct of  
5 charitable gaming;
- 6 (c) Handle any moneys generated in the conduct of charitable gaming;
- 7 (d) Advise a licensed charitable organization on the expenditure of net receipts;
- 8 (e) Provide transportation services in any manner to patrons of a charitable  
9 gaming activity;
- 10 (f) **Solicit licensed charitable organizations to participate in the conduct of**  
11 **charitable gaming at the charitable gaming facility in order to profit from**  
12 **the conduct of charitable gaming;**
- 13 **(g)** Provide advertisement or marketing services in any manner to a licensed  
14 charitable organization;
- 15 **(h)**~~(g)~~ Provide, coordinate, or solicit the services of personnel or volunteers in  
16 any manner;
- 17 **(i)**~~(h)~~ Influence or require a licensed charitable organization to use a certain  
18 distributor or any particular gaming supplies; or
- 19 **(j)**~~(i)~~ Donate or give any prize to be awarded in the conduct of charitable  
20 gaming.

21 (4) A licensed charitable gaming facility shall execute a lease agreement with each  
22 licensed charitable organization that desires to conduct charitable gaming at the  
23 facility. The amount of rent, goods, and services charged shall be reasonable and  
24 shall be based on prevailing market values in the general locality for the goods and  
25 services to be provided. The amount charged to rent a charitable gaming facility,  
26 whether the facility is licensed or unlicensed, shall **be a fixed fee and** not be based  
27 in whole or in part on a percentage of gross receipts, net proceeds derived from the

1       conduct of charitable gaming, or by reference to the number of people in  
2       attendance. A licensed charitable gaming facility shall file a copy of each signed  
3       lease agreement with the office.

4       (5) The number of bingo sessions conducted at a charitable gaming facility shall be  
5       limited to the following:

6       (a) No more than eighteen (18) sessions per week if the charitable gaming facility  
7       is located in one (1) of the following:

- 8           1. A city containing a population equal to or greater than twenty thousand  
9           (20,000) based upon the most recent federal decennial census;
- 10          2. An urban-county government;
- 11          3. A consolidated local government;
- 12          4. A charter county government; or
- 13          5. A county containing a city of the first class or a city containing a  
14          population equal to or greater than twenty thousand (20,000) based upon  
15          the most recent federal decennial census; or

16       (b) No more than eight (8) sessions per week if the charitable gaming facility is  
17       located in a city other than those listed in paragraph (a) of this subsection, or  
18       in a county that does not contain a city that is listed in paragraph (a) of this  
19       subsection.

20       (6) A licensed charitable gaming facility shall report at least quarterly to the office and  
21       shall provide any information concerning its operation that the office may require.

22       (7) A charity fundraising event at which special limited charitable games are played  
23       may be conducted at a licensed charitable gaming facility, but no licensed  
24       charitable gaming facility shall be permitted to hold more than one (1) such event  
25       per week or more than seven (7) per year.

26       (8) A licensed charitable gaming facility shall conspicuously display a sign bearing the  
27       name and the license number of the charitable organization that is conducting

1 charitable gaming activities in the facility.

2 (9) The license to operate the charitable gaming facility shall be prominently displayed  
3 on or in the premises where charitable gaming activity is being conducted, in a  
4 conspicuous location that is readily accessible to gaming patrons as well as  
5 employees of the office, law enforcement officials, and other interested officials.

6 ➔Section 36. KRS 238.560 is amended to read as follows:

7 (1) **The corporation may investigate, visit, and have free access to the office or place**  
8 **of business of a licensee or any location where licensed charitable gaming is**  
9 **offered or conducted or any location or facility under the jurisdiction of the**  
10 **corporation. The corporation may take other actions necessary to fulfill its**  
11 **enforcement obligations pursuant to this chapter and KRS Chapter 230.**

12 (2) The office may investigate allegations of wrongdoing upon complaint or upon its  
13 own volition. The corporation by administrative regulation may establish  
14 procedures for receiving and investigating complaints in an expeditious manner.

15 ~~(3)(2)~~ In carrying out its enforcement responsibilities, the office may:

16 (a) Inspect and examine all premises in which or on which charitable gaming is  
17 conducted or charitable gaming supplies or equipment are manufactured or  
18 distributed;

19 (b) Seize and remove from premises and impound charitable gaming supplies and  
20 equipment for the purposes of examination and inspection pursuant to an  
21 appropriate court order;

22 (c) Demand access to, inspect, and audit books and records of licensees for the  
23 purpose of determining compliance with laws and the corporation's  
24 administrative regulations relative to charitable gaming; and

25 (d) Conduct in-depth audits and investigations, when warranted.

26 ~~(4)(3)~~ (a) As used in this subsection, "willful" means that the conduct constituting  
27 the violation was committed with intent, not accidentally or inadvertently.



1 (b) The office may take appropriate administrative action against any person  
2 licensed **or unlicensed** under this chapter for any violation of the provisions  
3 of this chapter or administrative regulations promulgated thereunder subject to  
4 the conditions established by this subsection.

5 (c) The office may deny a license, suspend or revoke a license, **impose**  
6 **probationary conditions on a license, issue a written reprimand or warning,**  
7 **impose fines or penalties,** issue a cease and desist order, **or any combination**  
8 **thereof with regard to any licensee or other person participating in**  
9 **charitable gaming in Kentucky for a violation of any federal or state statute,**  
10 **administrative regulation, or corporation's directive, ruling, or order** [place a  
11 license holder on probation, issue a letter of reprimand or letter of warning,  
12 and levy a fine]. An administrative fine shall not exceed **five thousand dollars**  
13 **(\$5,000)** [one thousand dollars (\$1,000)] for each offense. The office may  
14 deny the issuance of a license or a license renewal if the applicant or licensee  
15 has failed to pay a fine levied by the office. The corporation may by  
16 administrative regulation classify types of offenses and the recommended  
17 administrative action. The type of action to be taken shall be based on the  
18 history of previous violations and the nature, severity, and frequency of the  
19 offense. Administrative action authorized in this section shall be in addition to  
20 any criminal penalties provided in this chapter or under other provisions of  
21 law.

22 (d) 1. Notwithstanding any other provisions of this section, the office shall  
23 review, within two (2) months of receipt, timely filed organization  
24 quarterly reports that include payment of the fee due as reflected on the  
25 organization quarterly report. If the office discovers reporting errors that  
26 are not willful, the office shall, prior to taking any other administrative  
27 action, issue a letter of warning to the licensee and allow the licensee

1           thirty (30) days from the issuance of the letter to correct the identified  
2           violation. The purpose of this subparagraph is for the office to identify  
3           correctable reporting errors in a timely manner, and to notify the  
4           licensee of the errors prior to the due date of the next organization  
5           quarterly report so that the errors are corrected and are not repeated in  
6           subsequent organization quarterly reports.

7           2. A review conducted under subparagraph 1. of this paragraph shall not be  
8           considered an audit or final review and acceptance of an organization  
9           quarterly report and payment. The office shall have four (4) years from  
10          the date of filing to fully audit and review an organization quarterly  
11          report, and may pursue administrative actions against the licensee  
12          related to an organization quarterly report or the information reported on  
13          an organization quarterly report within the four (4) year period if  
14          violations or errors that are not willful are discovered. This  
15          subparagraph shall not be construed to require records that are not  
16          needed to audit or review an organization quarterly report to be kept  
17          longer than is required elsewhere in this chapter or in any related  
18          administrative regulations.

19          3. Notwithstanding the provisions of subparagraph 2. of this paragraph, for  
20          a violation that is determined to be willful, the office may pursue the  
21          administrative actions authorized by this section at any time.

22          4. A letter of warning issued under this section shall:

- 23           a. Identify the violation;
- 24           b. Describe the corrective action necessary;
- 25           c. Identify the administrative actions that can be taken if the violation  
26           is not addressed; and
- 27           d. Provide that the person shall have thirty (30) days to correct the

1 action leading to the violation.

2 ~~(5)~~~~(4)~~ The office may reinstate a license that has been revoked at any time after two  
3 (2) years from the date of revocation. A license may be reinstated only upon a  
4 finding that the violations for which the license was revoked have been corrected.

5 ~~(6)~~~~(5)~~ All departments, divisions, boards, agencies, officers, and institutions of the  
6 Commonwealth of Kentucky and all subdivisions thereof, in particular local law  
7 enforcement entities, shall cooperate with the office in carrying out its enforcement  
8 responsibilities.

9 ~~(7)~~~~(6)~~ The office shall report any activity or action which would constitute a  
10 criminal offense to the appropriate authorities in the county where the activity or  
11 action occurred and to the Attorney General.

12 ~~(8)~~~~(7)~~ All administrative actions taken under this section shall be subject to the final  
13 order of the corporation.

14 ➔Section 37. KRS 238.565 is amended to read as follows:

15 (1) A license holder may appeal any administrative action taken under KRS 238.560. A  
16 license holder shall be notified in writing of any action to be taken against him or  
17 her. The notification may be delivered in person or mailed by certified mail, return  
18 receipt requested, to the last known address of the license holder. Service of  
19 notification of administrative action, whether by hand delivery or by certified mail,  
20 shall be deemed complete if the license holder fails or refuses to accept delivery.  
21 For service by hand delivery, notification shall be deemed received upon  
22 acceptance of delivery or upon failure or refusal to accept delivery, and the person  
23 affecting service on behalf of the office shall record the fact of the failure or refusal.  
24 For service by certified mail, the notification of administrative action shall be  
25 deemed received when the license holder accepts delivery or fails or refuses to  
26 accept delivery at the last known address. The notification shall specify the charges  
27 against the license holder, specify the proposed administrative sanction, and advise

1 the license holder of the right to appeal the decision within ten (10) days of the date  
2 of receipt of the notification.

3 (2) (a) Upon receipt of an appeal, the corporation shall schedule the matter for an  
4 administrative hearing that shall be conducted in accordance with KRS  
5 Chapter 13B.

6 (b) Following a notice of violation and appeal, a person may apply to the  
7 corporation for a stay of the ruling, pending action on an appeal by the  
8 corporation.

9 (c) An application for a stay shall be received by the president or his or her  
10 designee within ten (10) calendar days of the issuance of the notice of  
11 violation.

12 (d) An application for a stay shall be in writing and include the following:

13 1. The name, address, telephone number, and signature of the person  
14 requesting the stay;

15 2. A statement of the justification for the stay; and

16 3. The period of time for which the stay is requested.

17 (e) On a finding of good cause, the president or his or her designee may grant  
18 the stay. The president or his or her designee shall issue a written decision  
19 granting or denying the request for stay within five (5) calendar days from  
20 the time the application for stay is received by the president or his or her  
21 designee. If the president or his or her designee fails to timely issue a  
22 written decision, then the stay is deemed granted. The president or his or  
23 her designee may rescind a stay granted under this subsection for good  
24 cause.

25 (f) A person who is denied a stay by the president or his or her designee, or has  
26 a previously granted stay rescinded under paragraph (e) of this subsection,  
27 may petition the corporation to overrule the president's or designee's denial

1 or rescission of the stay. The petition shall be filed in writing with the  
2 chairperson of the board of directors of the corporation and received by the  
3 chairperson within ten (10) calendar days of the mailing of the president's  
4 or designee's denial of the stay. The petition shall state the name, address,  
5 phone number, and signature of the petitioner; a statement of justification  
6 of the stay; and the time period for which the stay is requested. The  
7 chairperson shall convene a special meeting of the board of directors of the  
8 corporation within ten (10) calendar days of receipt of the petition, and the  
9 corporation shall issue a written final order granting or denying the petition  
10 within two (2) calendar days of the special meeting. If the corporation fails  
11 to timely issue a final order on the petition, then the stay is granted. The  
12 corporation may rescind a stay granted under this subsection for good  
13 cause.

14 (g) A person who is denied or has a previously granted stay rescinded by the  
15 corporation may file an appeal of the final written order of the corporation  
16 in the Circuit Court of the county in which the cause of action arose.

17 (h) The fact that a stay is granted does not create a presumption that the notice  
18 of violation is invalid.

19 (3) Any provisions of KRS Chapter 13B notwithstanding, within twenty (20) days after  
20 the conclusion of a hearing, the hearing officer shall prepare and present to the  
21 corporation a recommended order based on findings of fact and conclusions of law.  
22 Within thirty (30) days of receipt of the recommended order, the corporation shall  
23 affirm, reject, or modify, in whole or in part, the recommended order and shall issue  
24 a final order. The final order shall be the final administrative action on the matter  
25 and a copy of the final order shall be mailed to the license holder, by certified mail,  
26 return receipt requested.

27 (4) Pursuant to KRS 13B.120(7), the corporation shall automatically hear and issue a

1 final order regarding any decision of the corporation that would otherwise be  
2 subject to appeal.

3 (5) Any administrative action taken under this section shall, upon appeal, be stayed  
4 until a final order is issued, with the exception of a summary suspension. The  
5 corporation may issue an emergency order pursuant to KRS 13B.125 to summarily  
6 suspend a license upon finding that continued operation of the license holder  
7 pending a hearing would constitute a threat to the public health, safety, or welfare.

8 (6) (a) A summary suspension, notice, or order to cease operations shall only be  
9 issued by the corporation if there is an imminent risk to the health and  
10 safety of the public or of the misappropriation of charitable gaming  
11 revenues.

12 (b) 1. A license holder may first appeal a summary suspension under  
13 paragraph (a) of this subsection to the corporation.

14 2. Upon receipt of an appeal, the corporation shall issue a decision to the  
15 license holder within twenty (20) days.

16 3. a. If the license holder receives a determination from the  
17 corporation that the ceasing of operations stands, the license  
18 holder may appeal again to the corporation; and

19 b. Upon receipt of the second appeal, the corporation shall  
20 schedule the matter for an administrative hearing that shall be  
21 conducted in accordance with KRS Chapter 13B.

22 (7) This chapter shall not prohibit the corporation from temporarily suspending  
23 operations of an individual electronic gaming device in the event of a technical  
24 breach or temporary emergency.

25 (8) A final order of the corporation may be appealed to the Circuit Court of the county  
26 where the appellant works or resides in accordance with KRS Chapter 13B. If the  
27 license holder against whom administrative action is proposed does not request an

1 appeal of the action, the corporation shall enter a final order imposing the proposed  
2 administrative action.

3 ➔Section 38. KRS 243.500 is amended to read as follows:

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

- 5 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling  
6 any illegal alcoholic beverages or cannabis-infused beverages on the licensed  
7 premises.
- 8 (2) Making any false, material statements in an application or renewal application for a  
9 license or supplemental license.
- 10 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 11 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,  
12 or any act regulating the manufacture, sale, and transportation of alcoholic  
13 beverages or the sale, distribution, or transportation of cannabis-infused  
14 beverages within two (2) consecutive years;
- 15 (b) Two (2) misdemeanors directly or indirectly attributable to the use of  
16 alcoholic beverages or cannabis-infused beverages within two (2) consecutive  
17 years; or
- 18 (c) Any felony.
- 19 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any  
20 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of  
21 Congress relative to taxation, or for a violation of any related administrative  
22 regulations promulgated by the Department of Revenue.
- 23 (5) (a) Revocation of any license or permit provided in KRS 243.060, 243.070,  
24 243.600, and 243.610, or granted under any Act of Congress relative to the  
25 regulation of the manufacture, sale, and transportation of alcoholic beverages.
- 26 (b) Revocation of any license established under KRS 243.200, 243.403, or  
27 243.405 relative to the sale, distribution, or transportation of cannabis-infused

1 beverages.

2 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any  
3 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or  
4 facility for betting or transmitting bets on horse races; or permitting to be set up,  
5 conducted, operated, kept, or engaged in, on the licensed premises, any gambling  
6 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.

7 This subsection shall not apply to:

- 8 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;  
9 (b) The operation of a pari-mutuel system for betting, or the operation of sports  
10 wagering, where authorized by law;  
11 (c) The conduct of charitable gaming by a charitable organization licensed or  
12 permitted under KRS Chapters 230 and 238;~~or~~  
13 (d) Special temporary raffles of alcoholic beverages under KRS 243.036;  
14 **(e) The conduct of fantasy contests under KRS Chapter 230;**  
15 **(f) The conduct of fixed-odds wagering under KRS Chapter 230; or**  
16 **(g) Wagering on live horse races and historical horse races authorized by KRS**  
17 **Chapter 230.**

- 18 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:  
19 (a) The trafficking or possession upon the licensed premises of controlled or  
20 illegal substances described in KRS Chapter 218A, including synthetic drugs;  
21 (b) Knowingly permitting the trafficking or possession by patrons upon the  
22 licensed premises of controlled or illegal substances described in KRS  
23 Chapter 218A, including synthetic drugs; or  
24 (c) Knowingly receiving stolen property upon the licensed premises.

25 (8) Failure to comply with the terms of a final order of the board.

26 ➔Section 39. KRS 436.480 is amended to read as follows:

27 KRS Chapter 528 shall not apply to pari-mutuel, **fantasy contests, fixed-odds wagering,**



1 wagering on live horse races and historical horse races, or sports wagering authorized  
2 under the provisions of KRS Chapter 230.

3 ➔Section 40. KRS 525.090 is amended to read as follows:

4 (1) A person is guilty of loitering when the person:

5 (a) Loiters or remains in a public place for the purpose of gambling with cards,  
6 dice, or other gambling paraphernalia, except that the provisions of this  
7 section shall not apply if the person is participating in charitable gaming  
8 defined by KRS 238.505, or is engaged in sports wagering, fantasy contests,  
9 fixed-odds wagering, or wagering on live horse races and historical horse  
10 races licensed under KRS Chapter 230;

11 (b) Loiters or remains in a public place for the purpose of unlawfully using a  
12 controlled substance;

13 (c) Loiters or remains in or about a school, college, or university building or  
14 grounds, not having any reason or relationship involving custody of or  
15 responsibility for a pupil or student or any other specific legitimate reason for  
16 being there and not having written permission from anyone authorized to  
17 grant the same; or

18 (d) Loiters or remains in any transportation facility, unless specifically authorized  
19 to do so, for the purpose of soliciting or engaging in any business, trade, or  
20 commercial transactions involving the sale of merchandise or services.

21 (2) Loitering is a violation.

22 ➔Section 41. KRS 528.010 is amended to read as follows:

23 The following definitions apply in this chapter unless the context otherwise requires:

24 (1) "Advancing gambling activity":

25 (a) Means~~[A person "advances gambling activity" when, acting other than as a~~  
26 ~~player, he or she engages in]~~ conduct a person engages in other than as a  
27 player that materially aids any form of gambling activity not authorized

1                   under KRS Chapters 154A, 230, or 238.

2           **(b)** ~~The conduct shall include,~~ but is not limited to~~,~~ conduct directed  
3           toward the:

4               **1.** Establishment of the particular game, contest, scheme, device, or  
5               activity involved;~~toward the~~

6               **2.** Acquisition or maintenance of premises, paraphernalia, equipment, or  
7               apparatus therefor;~~toward the~~

8               **3.** Solicitation or inducement of persons to participate therein;~~toward the~~

9               **4.** Actual conduct of the playing phases thereof; ~~or~~~~toward the~~

10              **5.** Arrangement of any of its financial or recording phases or toward any  
11              other phase of its operation.

12           **(c)** A person who gambles at a social game of chance on equal terms with other  
13           participants does not otherwise advance gambling activity by performing acts,  
14           without remuneration or fee, directed toward the arrangement or facilitation of  
15           the game, **such** as inviting persons to play, permitting the use of premises  
16           therefor and supplying equipment used therein;

17           (2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets  
18           upon the outcome of future contingent events from members of the public as a  
19           business **not authorized under KRS Chapter 230;**

20           (3) "Charitable gaming" means games of chance conducted by charitable organizations  
21           licensed and regulated under the provisions of KRS Chapters 230 and 238;

22           (4) (a) "Coin-operated amusement machine" means a lawful machine or device that  
23           requires the direct or indirect payment of consideration, including but not  
24           limited to the insertion of a coin, currency, ticket, token, or similar object, or  
25           the depositing of funds with the operator or owner of the device, and that  
26           contains no material element of chance and automatically, by or through some  
27           mechanical operation, affords music or amusement of some character with or

1 without vending any merchandise, but in addition to any merchandise.

2 (b) A coin-operated amusement machine shall not deliver or entitle the person  
3 playing or operating the game to receive cash, cash equivalents, gift cards, or  
4 vouchers, billets, tickets, tokens, electronic credits or any item that can be  
5 exchanged for cash, cash equivalents, gift cards, merchandise, or something of  
6 value, unless otherwise provided under this section.

7 (c) A coin-operated amusement machine may entitle the person playing to a  
8 noncash, merchandise prize or a voucher, billet, ticket, token, or electronic  
9 credit redeemable only for a noncash, merchandise prize under the following  
10 rules:

- 11 1. The wholesale value of a merchandise prize awarded as a result of the  
12 single play of a machine, either directly or as a result of redemption of a  
13 redeemable voucher, does not exceed twenty-five dollars (\$25);
- 14 2. Redeemable vouchers are not redeemable for any merchandise prize that  
15 has a wholesale value of more than twenty-five dollars (\$25) times the  
16 fewest number of single plays necessary to accrue the redeemable  
17 vouchers required to obtain that prize; and
- 18 3. Any redeemable vouchers or merchandise prizes are distributed at the  
19 site of the coin-operated amusement machine at the time of play.

20 (d) The noncash merchandise prize shall not be:

- 21 1. An alcoholic beverage;
- 22 2. Eligible for purchase or repurchase; or
- 23 3. Exchangeable for any cash, cash equivalents, or something of value  
24 whatsoever;

25 (5) (a) "E-sports competition" means a league, competitive circuit, tournament, or  
26 similar competition in which:

- 27 1. Two (2) or more participants or teams of participants compete directly

- 1 against each other for entertainment and prizes in the same video game  
2 at the same time, typically for spectators;
- 3 2. Results are determined solely on the basis of the skill of the players;  
4 3. The number of participants is fixed before the beginning of the  
5 competition;  
6 4. Any fee collected to participate in the competition shall be collected  
7 from all participants before the competition begins;  
8 5. At least one (1) participant shall receive something of value based on the  
9 results of the competition; and  
10 6. The value of any prize shall be predetermined before the competition  
11 begins.
- 12 (b) E-sports shall not include traditional casino games which include but are not  
13 limited to poker, roulette, craps, or blackjack;
- 14 (6) (a) "Gambling" means staking or risking something of value upon the outcome of  
15 a contest, game, gaming scheme, or gaming device which is based upon an  
16 element of chance, in accord with an agreement or understanding that  
17 someone will receive something of value in the event of a certain outcome.  
18 "Gambling" includes playing or offering for play any game, contest, or  
19 competition utilizing a gambling device.
- 20 (b) "Gambling" does not include:
- 21 1. A contest or game in which eligibility to participate is determined by  
22 chance and the ultimate winner is determined by skill;  
23 2. Charitable gaming which is licensed and regulated under the provisions  
24 of KRS Chapter 238;  
25 3. E-sports competitions;  
26 4. Skill-based contests; ~~or~~  
27 5. The use or operation of any devices or machines that are described in

subsection (7)(b) of this section;

**6. Fantasy contests regulated under KRS Chapter 230; or**

**7. Fixed-odds wagering as defined in Section 1 of this Act;**

(7) (a) "Gambling device" means:

1. Any so-called slot machine or any other machine or mechanical device which when operated may deliver, as a result of the application of any element of chance, any money or property, or by the operation of which a person may become entitled to receive, as the result of the application of any element of chance, any money or property;
2. Any mechanical or electronic device permanently located in a business establishment, including a private club, that is offered or made available to a person to play or participate in a simulated gambling program in return for direct or indirect consideration, including but not limited to consideration paid for internet access or computer time, or a sweepstakes entry, which when operated may deliver as a result of the application of any element of chance, regardless of whether the result is also partially or predominantly based on skill, any money or property, or by the operation of which a person may become entitled to receive, as the result of the application of any element of chance, regardless of whether the result is also partially or predominantly based on skill, any money or property;
3. Any other machine or any mechanical, electronic, or other device, including but not limited to roulette wheels, gambling tables and similar devices, designed and manufactured primarily for use in connection with gambling and which when operated may deliver, as the result of the application of any element of chance, any money or property, or by the operation of which a person may become entitled to receive, as the

- 1 result of the application of any element of chance, any money or  
2 property; or
- 3 4. Any electronic, computerized, or mechanical contrivance, terminal,  
4 machine, or other device that:
- 5 a. Requires the direct or indirect payment of consideration which  
6 may include and shall not be limited to the insertion of a coin,  
7 currency, ticket, token, or similar object, or by depositing funds  
8 with the operator or owner of the device, to operate, play, or  
9 activate a game; and
- 10 b. Offers games the outcomes of which are determined by any  
11 element of skill of the player and may deliver or entitle the person  
12 playing or operating the device to receive cash, cash equivalents,  
13 or gift cards or vouchers, billets, tickets, tokens, or electronic  
14 credits to be exchanged for cash or to receive merchandise or  
15 something of value, whether the payoff is made automatically  
16 from the device or manually.
- 17 (b) The following shall not be considered gambling devices within this definition:
- 18 1. Devices **used in wagering on live races at licensed**~~[dispensing or~~  
19 ~~selling combination or French pools on licensed, regular]~~ racetracks  
20 during races on said tracks;
- 21 2. Devices **used in wagering**~~[dispensing or selling combination or French~~  
22 ~~pools]~~ on historical races at licensed, regular racetracks as lawfully  
23 authorized by the Kentucky Horse Racing and Gaming Corporation;
- 24 3. Electro-mechanical pinball machines specially designed, constructed, set  
25 up, and kept to be played for amusement only. Any pinball machine  
26 shall be made to receive and react only to the deposit of coins during the  
27 course of a game. The ultimate and only award given directly or

1 indirectly to any player for the attainment of a winning score or  
2 combination on any pinball machine shall be the right to play one (1) or  
3 more additional games immediately on the same device at no further  
4 cost. The maximum number of free games that can be won, registered,  
5 or accumulated at one (1) time in operation of any pinball machine shall  
6 not exceed thirty (30) free games. Any pinball machine shall be made to  
7 discharge accumulated free games only by reactivating the playing  
8 mechanism once for each game released. Any pinball machine shall be  
9 made and kept with no meter or system to preserve a record of free  
10 games played, awarded, or discharged. Nonetheless, a pinball machine  
11 shall be a gambling device if a person gives or promises to give money,  
12 tokens, merchandise, premiums, or property of any kind for scores,  
13 combinations, or free games obtained in playing the pinball machine in  
14 which the person has an interest as owner, operator, keeper, or  
15 otherwise;

- 16 4. Devices used in the conduct of charitable gaming;
- 17 5. Coin-operated amusement machines;
- 18 6. Devices used for wagering exempted from the application of this chapter  
19 pursuant to KRS 436.480;
- 20 7. Devices used in e-sports competitions;~~[-or]~~
- 21 8. Devices used in skill-based contests, provided such devices do not meet  
22 the definition of gambling devices in paragraph (a) of this subsection; **or**
- 23 **9. Devices used for fixed-odds wagering;**

24 (8) "Lottery and gift enterprise" means:

25 (a) A gambling scheme in which:

- 26 1. The players pay or agree to pay something of value for chances,  
27 represented and differentiated by numbers or by combinations of

- 1 numbers or by some other media, one (1) or more of which are to be  
2 designated the winning ones;
- 3 2. The ultimate winner is to be determined by a drawing or by some other  
4 method based upon the element of chance; and
- 5 3. The holders of the winning chances are to receive something of value;  
6 and
- 7 (b) A gift enterprise or referral sales plan which meets the elements of a lottery  
8 listed in paragraph (a) of this subsection is to be considered a lottery under  
9 this chapter;
- 10 (9) "Mutuel" or "the numbers games" means a form of lottery in which the winning  
11 chances or plays are not determined upon the basis of a drawing or other act on the  
12 part of persons conducting or connected with the scheme, but upon the basis of the  
13 outcome or outcomes of a future contingent event or events otherwise unrelated to  
14 the particular scheme;
- 15 (10) "Player" means a person who engages in any form of gambling solely as a  
16 contestant or bettor, without receiving or becoming entitled to receive any profit  
17 therefrom other than personal gambling winnings, and without otherwise rendering  
18 any material assistance to the establishment, conduct, or operation of the particular  
19 gambling activity. A person who engages in "bookmaking" as defined in subsection  
20 (2) of this section is not a "player." The status of a "player" shall be a defense to any  
21 prosecution under this chapter;
- 22 (11) "Profiting from gambling activity" occurs~~[—A person "profits from gambling~~  
23 ~~activity"]~~ when, other than as a player, a person~~[he or she]~~ accepts or receives or  
24 agrees to accept or receive money or other property pursuant to an agreement or  
25 understanding with any other person whereby the person~~[he or she]~~ participates or  
26 is to participate in the proceeds of gambling activity **not authorized under KRS**  
27 **Chapter 154A, 230, or 238;**



- 1 (12) "Simulated gambling program" means any method intended to be used by a person  
2 playing, participating, or interacting with an electronic device that may, through the  
3 application of any element of chance, either deliver money or property or an  
4 entitlement to receive money or property;
- 5 (13) "Skill" means the knowledge, dexterity, or any other ability or expertise of a natural  
6 person;
- 7 (14) "Skill-based contest" means a live, in-person competitive event among two (2) or  
8 more individuals or teams of individuals in which the ultimate winner is determined  
9 by skill and the competitive event does not utilize a gambling device; and
- 10 (15) (a) "Something of value" means any money or property, any token, object, or  
11 article exchangeable for money or property, or any form of credit or promise  
12 directly or indirectly contemplating transfer of money or property or of any  
13 interest therein, or involving extension of a service, entertainment, or a  
14 privilege of playing at a game or scheme without charge.
- 15 (b) "Something of value" does not include the award of a free, extended, or  
16 continuous play which is awarded as a prize for playing a game or scheme for  
17 a charge.

18 ➔Section 42. KRS 528.070 is amended to read as follows:

- 19 (1) A person is guilty of permitting gambling when, having possession or control of  
20 premises which he or she knows are being used to advance gambling activity that is  
21 not licensed under KRS Chapter 154A, 230, or 238, he or she fails to halt or abate  
22 or attempt to halt or abate such use within a reasonable period of time.

- 23 (2) Permitting gambling is a Class B misdemeanor.

24 ➔Section 43. KRS 2.015 is amended to read as follows:

25 Persons of the age of eighteen (18) years are of the age of majority for all purposes in this  
26 Commonwealth except for the purchase of alcoholic beverages, sports wagering, fantasy  
27 contests, charitable gaming, and for purposes of care and treatment of children with

1 disabilities, for which twenty-one (21) years is the age of majority, all other statutes to  
2 the contrary notwithstanding.

3 ➔Section 44. KRS 68.182 is amended to read as follows:

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

8 (2) As used in this section:

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

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

11 a. Owned, leased, or purchased by an association licensed by the  
12 Kentucky Horse Racing and Gaming Corporation under KRS  
13 230.300;

14 b. That meets the definition of "track" under KRS  
15 230.210~~(47)~~~~(37)~~(c); and

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

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

23 ➔Section 45. KRS 91.202 is amended to read as follows:

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

26 (2) As used in this section:

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

- 1 (b) 1. "Racetrack extension" means any facility:
- 2 a. Owned, leased, or purchased by an association licensed by the
- 3 Kentucky Horse Racing and Gaming Corporation under KRS
- 4 230.300;
- 5 b. That meets the definition of "track" under KRS
- 6 230.210~~(47)~~~~(37)~~(c); and
- 7 c. Where pari-mutuel wagering on historical horse races is conducted
- 8 on terminals approved by the Kentucky Horse Racing and Gaming
- 9 Corporation.
- 10 2. "Racetrack extension" does not include a facility or real property used
- 11 for training horses or at which live horse races are run for stakes, purses,
- 12 or prizes under the jurisdiction of the Kentucky Horse Racing and
- 13 Gaming Corporation.

14 ➔Section 46. KRS 92.282 is amended to read as follows:

- 15 (1) Occupational license fees levied under KRS 92.281 by the legislative body of a city
- 16 may apply to racetrack extensions.
- 17 (2) As used in this section:
- 18 (a) "Historical horse race" has the same meaning as in KRS 138.511; and
- 19 (b) 1. "Racetrack extension" means any facility:
- 20 a. Owned, leased, or purchased by an association licensed by the
- 21 Kentucky Horse Racing and Gaming Corporation under KRS
- 22 230.300;
- 23 b. That meets the definition of "track" under KRS
- 24 230.210~~(47)~~~~(37)~~(c); and
- 25 c. Where pari-mutuel wagering on historical horse races is conducted
- 26 on terminals approved by the Kentucky Horse Racing and Gaming
- 27 Corporation.

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

5           ➔Section 47. KRS 238.550 is amended to read as follows:

- 6       (1) All adjusted gross receipts from charitable gaming shall be handled only by  
7       chairpersons, officers, or employees of the licensed charitable organization.
- 8       (2) Except as authorized by subsection (11) of this section, within five (5) business  
9       days after the completion of a charitable gaming event or session, all gross receipts  
10      and adjusted gross receipts shall be deposited into one checking account devoted  
11      exclusively to charitable gaming. This checking account shall be designated the  
12      "charitable gaming account," and the licensed charitable organization shall maintain  
13      its account at a financial institution located in the Commonwealth of Kentucky.†  
14      ~~No~~ Other funds shall not~~[may]~~ be deposited or transferred into the charitable  
15      gaming account.
- 16      (3) All payments for charitable gaming expenses, payments made for prizes purchased,  
17      and any charitable donations from charitable gaming receipts shall be made from  
18      the charitable gaming account and the payments or donations shall be made only by  
19      bona fide officers of the organization by checks having preprinted consecutive  
20      numbers and made payable to specific persons or organizations. No check drawn on  
21      the charitable gaming account may be made payable to "cash," or "bearer," except  
22      that a licensed charitable organization may withdraw start-up funds for a charitable  
23      gaming event or session from the charitable gaming account by check made payable  
24      to "cash" or "bearer," if these start-up funds are redeposited into the charitable  
25      gaming account together with all adjusted gross receipts derived from the particular  
26      event or session. Checks shall be imprinted with the words "charitable gaming  
27      account" and shall contain the organization's license number on the face of each

1 check. Payments for charitable gaming expenses, prizes purchased, and charitable  
2 donations may be made by electronic funds transfer if the payments are made to  
3 specific persons or organizations. The corporation may by administrative regulation  
4 adopt alternative reporting requirements for charitable gaming of limited scope or  
5 duration, if these requirements are sufficient to ensure accountability for all moneys  
6 handled.

7 (4) A licensed charitable organization shall expend net receipts exclusively for  
8 purposes consistent with the charitable, religious, educational, literary, civic,  
9 fraternal, or patriotic functions or objectives for which the licensed charitable  
10 organization received and maintains federal tax-exempt status, or consistent with its  
11 status as a local school district, a common school, an institution of higher education,  
12 or a state college or university. No net receipts shall inure to the private benefit or  
13 financial gain of any individual.

14 (5) Accurate records and books shall be maintained by each organization exempt from  
15 licensure under KRS 238.535(1) and each licensed charitable organization for a  
16 period of three (3) years. Office staff shall have access to these records at  
17 reasonable times. Licensed charitable organizations and exempt organizations shall  
18 maintain their charitable gaming records at their offices or places of business within  
19 the Commonwealth of Kentucky as identified in their license applications or  
20 applications for exempt status. An exempt organization shall submit a yearly  
21 financial report in accordance with KRS 238.535(2), and failure to file this report  
22 shall constitute grounds for revocation of the organization's exempt status.

23 (6) All licensed charitable organizations that have annual gross receipts of two hundred  
24 thousand dollars (\$200,000) or less and do not have a weekly bingo session shall  
25 report to the office annually at the time and on a form established in administrative  
26 regulations promulgated by the corporation.

27 (7) All other licensed charitable organizations shall submit reports to the office at least

1       quarterly at the time and on a form established in administrative regulations  
2       promulgated by the corporation.

3       (8) Failure by a licensed charitable organization to file reports required under this  
4       chapter shall constitute grounds for revocation of the organization's license or  
5       denial of the organization's application to renew its license in accordance with KRS  
6       238.560~~(4)~~~~(3)~~. Reports filed by a licensed charitable organization shall include but  
7       shall not be limited to the following information:

- 8       (a) All gross receipts received from charitable gaming for the reporting period,  
9       classified by type of gaming activity;
- 10       (b) The names and addresses of all persons who are winners of prizes having a  
11       fair market value of six hundred dollars (\$600) or more;
- 12       (c) All expenses paid and the names and addresses of all persons to whom  
13       expenses were paid;
- 14       (d) All net receipts retained and the names and addresses of all charitable  
15       endeavors that received money from the net receipts; and
- 16       (e) Any other information the office deems appropriate.

17       (9) ~~A~~~~No~~ licensed charitable organization shall **not** incur charitable gaming expenses,  
18       except as provided in this chapter. ~~A~~~~No~~ licensed charitable organization shall **not**  
19       be permitted to expend amounts in excess of prevailing market rates for the  
20       following charitable gaming expenses:

- 21       (a) Charitable gaming supplies and equipment;
- 22       (b) Rent;
- 23       (c) Utilities;
- 24       (d) Insurance;
- 25       (e) Advertising;
- 26       (f) Janitorial services;
- 27       (g) Bookkeeping and accounting services;

- 1 (h) Security services;
- 2 (i) Membership dues for its participation in any charitable gaming trade
- 3 organization; and
- 4 (j) Any other expenses the corporation may determine by administrative
- 5 regulation to be legitimate.

6 (10) ~~A~~~~[No]~~ licensed charitable organization shall **not** expend receipts from charitable  
7 gaming activities nor incur expenses to form, maintain, or operate as a labor  
8 organization.

9 (11) For the purposes of deposits under subsection (2) of this section, a licensed  
10 charitable organization conducting charitable gaming events or sessions shall only  
11 be required to deposit its gross receipts and adjusted gross receipts one (1) time per  
12 week if the following conditions are met:

- 13 (a) The charitable gaming involves only games using charity game tickets;
- 14 (b) The charitable gaming is not part of a charity fundraising event; and
- 15 (c) The licensed charitable organization's deposits of gross receipts and adjusted
- 16 gross receipts from charitable gaming total less than two thousand five
- 17 hundred dollars (\$2,500) in the week prior to the deposit.

18 ➔Section 48. The Kentucky Horse Racing and Gaming Corporation shall present  
19 a status report on the purse stabilization fund established in Section 14 of this Act no later  
20 than November 30, 2027, to the Interim Joint Committee on Licensing, Occupations, and  
21 Administrative Regulations, to include the amount:

- 22 (1) Received in the fund; and
- 23 (2) Of moneys bet in fixed-odds wagering on horse racing versus all other
- 24 sporting events.

25 ➔Section 49. This Act may be cited as the Wagering Consumer Protection Act.