

1 AN ACT relating to the partial distribution of pari-mutuel racing tax receipts to
2 local governments.

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

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

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

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

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

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

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

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

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

1 percent (0.75%) of all money wagered on live races and historical
2 horse races at the track for Thoroughbred racing shall be deposited
3 in the Thoroughbred development fund established in KRS
4 230.400; and

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

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

27 b. Beginning August 1, 2022, an amount equal to one percent (1%)

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

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

20 b. An amount equal to one percent (1%) of all money wagered on
21 live races and historical horse races at the track for quarter horse
22 racing shall be deposited in the Kentucky quarter horse
23 development fund established by KRS 230.405;

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

27 a. To the equine industry program trust and revolving fund

- 1 established by KRS 230.550 to support the Equine Industry
2 Program at the University of Louisville, except that the amount
3 deposited from money wagered on historical horse races in any
4 fiscal year shall not exceed eight hundred fifty thousand dollars
5 (\$850,000);
- 6 b. To the University of Kentucky for equine industry programs at the
7 university, except that the amount paid from money wagered on
8 historical horse races in any fiscal year shall not exceed four
9 hundred thousand dollars (\$400,000);
- 10 c. To the Bluegrass Community and Technical College for the
11 provision of equine industry programs by the system, except that
12 the amount paid from money wagered on historical horse races in
13 any fiscal year shall not exceed two hundred fifty thousand dollars
14 (\$250,000);
- 15 d. Amounts remaining from money wagered on historical horse races
16 in a fiscal year after payments are made in accordance with
17 subdivisions a., b., and c. of this subparagraph shall be distributed
18 in equal amounts to:
- 19 i. The Kentucky Horse Racing and Gaming Corporation for the
20 benefit of Thoroughbred, standardbred, and American
21 quarter horse aftercare facilities in Kentucky, in an amount
22 not to exceed two hundred fifty thousand dollars (\$250,000).
23 The Kentucky Horse Racing and Gaming Corporation shall
24 serve as the administrative agent for these funds, and shall
25 distribute them annually to organizations engaged in the
26 accreditation and monitoring of aftercare facilities. Any
27 funds distributed under this subpart by the Kentucky Horse

- 1 Racing and Gaming Corporation shall be awarded to
2 aftercare facilities based in Kentucky only after the facilities
3 have achieved and maintained levels of service and operation
4 that resulted in national accreditation; and
- 5 ii. The Kentucky equine management internship program for
6 equine management training, in an amount not to exceed two
7 hundred fifty thousand dollars (\$250,000); and
- 8 e. Any amounts remaining from money wagered on historical horse
9 races in a fiscal year after payments are made in accordance with
10 subdivisions a., b., c., and d. of this subparagraph shall be paid to
11 the general fund;
- 12 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
13 wagered on live races and historical horse races at the track shall
14 be deposited in a trust and revolving fund to be used for the
15 construction, expansion, or renovation of facilities or the purchase
16 of equipment for equine programs at state universities and the
17 Bluegrass Community and Technical College, except that the
18 amount deposited from money wagered on historical horse races in
19 any fiscal year shall not exceed three hundred twenty thousand
20 dollars (\$320,000).
- 21 b. These funds shall not be used for salaries or for operating funds
22 for teaching, research, or administration. Funds allocated under
23 this subparagraph shall not replace other funds for capital purposes
24 or operation of equine programs at state universities and the
25 Bluegrass Community and Technical College.
- 26 c. The Kentucky Council on Postsecondary Education shall serve as
27 the administrative agent for these funds, and shall establish an

1 advisory committee of interested parties, including all universities
 2 and the Bluegrass Community and Technical College with
 3 established equine programs, to evaluate proposals and make
 4 recommendations for the awarding of funds.

5 d. The Kentucky Council on Postsecondary Education may
 6 promulgate administrative regulations to establish procedures for
 7 administering the program and criteria for evaluating and awarding
 8 grants;~~and~~

9 6. An amount equal to one-tenth of one percent (0.1%) of all money
 10 wagered on live races and historical horse races shall be distributed to
 11 the corporation to support equine drug testing as provided in KRS
 12 230.265(3), except that the amount deposited from money wagered on
 13 historical horse races in any fiscal year shall not exceed three hundred
 14 twenty thousand dollars (\$320,000); **and**

15 **7. An amount equal to one-tenth of one percent (0.1%) of all money**
 16 **wagered on live races and historical horse races shall be distributed to**
 17 **the pari-mutuel racing local government support fund created in**
 18 **Section 2 of this Act.**

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

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

- 23 1. All tracks conducting telephone account wagering;
- 24 2. All tracks participating as receiving tracks in intertrack wagering under
 25 the jurisdiction of the corporation; and
- 26 3. All tracks participating as receiving tracks displaying simulcasts and
 27 conducting interstate wagering thereon.

- 1 (b) 1. Before August 1, 2022, the tax shall be three percent (3%) of all money
2 wagered on races as provided in paragraph (a) of this subsection during
3 the fiscal year.
- 4 2. Beginning August 1, 2022, the tax shall be one and one-half percent
5 (1.5%) of all money wagered on races as provided in paragraph (a) of
6 this subsection during the fiscal year.
- 7 (c) A noncontiguous track facility approved by the corporation on or after
8 January 1, 1999, shall be exempt from the tax imposed under this subsection,
9 if the facility is established and operated by a licensed track which has a total
10 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
11 or less. The amount of money exempted under this paragraph shall be retained
12 by the noncontiguous track facility, KRS 230.3771 and 230.378
13 notwithstanding.
- 14 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
15 this subsection as follows:
- 16 1. An amount equal to one percent (1%) of the amount wagered shall be
17 deposited as follows:
- 18 a. In the Thoroughbred development fund established in KRS
19 230.400 if the host track is conducting a Thoroughbred race
20 meeting or the interstate wagering is conducted on a Thoroughbred
21 race meeting;
- 22 b. In the Kentucky standardbred development fund established in
23 KRS 230.770, if the host track is conducting a harness race
24 meeting or the interstate wagering is conducted on a harness race
25 meeting;
- 26 c. In the Kentucky paint horse, Appaloosa, and Arabian development
27 fund established by KRS 230.445, if the host track is conducting a

- 1 paint horse, Appaloosa, or Arabian horse race meeting or the
2 interstate wagering is conducted on a paint horse, Appaloosa, or
3 Arabian horse race meeting; or
- 4 d. In the Kentucky quarter horse development fund established by
5 KRS 230.405, if the host track is conducting a quarter horse race
6 meeting or the interstate wagering is conducted on a quarter horse
7 race meeting;
- 8 2. An amount equal to twenty-five thousandths of one percent (0.025%) of
9 the amount wagered shall be allocated to the equine industry program
10 trust and revolving fund established by KRS 230.550 to be used to
11 support the Equine Industry Program at the University of Louisville;
- 12 3. An amount equal to one-twentieth of one percent (0.05%) of the amount
13 wagered shall be deposited in a trust and revolving fund to be used for
14 the construction, expansion, or renovation of facilities or the purchase of
15 equipment for equine programs at state universities, as detailed in
16 subsection (1)(d)5. of this section; and
- 17 4. An amount equal to one-twentieth of one percent (0.05%) of the amount
18 wagered shall be distributed to the corporation to support equine drug
19 testing as provided in KRS 230.265(3).
- 20 (3) If a host track in this state is the location for the conduct of a two (2) day
21 international horse racing event that distributes in excess of a total of twenty million
22 dollars (\$20,000,000) in purses and awards:
- 23 (a) The excise tax imposed by subsection (1)(a) and (b) of this section shall not
24 apply to money wagered at the track on live races conducted at the track
25 during the two (2) day international horse racing event; and
- 26 (b) Amounts wagered at the track on live races conducted at the track during the
27 two (2) day international horse racing event shall not be included in

1 calculating the daily average live handle for purposes of subsection (1) of this
2 section.

3 (4) If a host track in this state is the location for the conduct of an international harness
4 racing event spanning multiple days that distributes at least five million dollars
5 (\$5,000,000) in purses and awards, the Tourism, Arts and Heritage Cabinet shall be
6 granted a race title sponsorship and promotional package at the international
7 harness racing event with all usual and customary benefits assigned to promote
8 Kentucky tourism. The Tourism, Arts and Heritage Cabinet shall not be charged
9 any fees for the promotional package.

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

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

14 **(1) The pari-mutuel racing local government support fund in the State Treasury is**
15 **hereby created and shall be:**

16 **(a) A trust and agency account administered by the Department for Local**
17 **Government in accordance with this section; and**

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

20 **(2) This fund shall consist of moneys received in accordance with the distribution**
21 **formula established in Section 1 of this Act.**

22 **(3) Notwithstanding KRS 45.229, moneys remaining in the account at the close of**
23 **the fiscal year shall not lapse but shall carry forward into the succeeding fiscal**
24 **year.**

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

- 1 (5) The Department for Local Government shall promulgate administrative
2 regulations in accordance with KRS Chapter 13A that direct how local
3 governments may use moneys from this fund to address the social costs of
4 problem gambling, including but not limited to:
- 5 (a) Law enforcement retention;
6 (b) Homelessness;
7 (c) Affordable housing; and
8 (d) The policing, regulation, and administration of the facilities where live and
9 historical horse racing facilities are located.
- 10 (6) (a) The moneys in the fund shall be disbursed, at least quarterly, to counties
11 containing tracks or facilities that are paying the excise tax that ultimately
12 is deposited into the fund.
- 13 (b) The Department for Local Government shall:
- 14 1. Determine the amount of excise tax generated and paid by each track
15 or facility;
16 2. Determine the portion of the moneys in the fund related to that excise
17 tax; and
18 3. Distribute the tax to the appropriate county.
- 19 (7) The Department for Local Government shall promulgate administrative
20 regulations in accordance with KRS Chapter 13A related to:
- 21 (a) The requirements for qualification for distribution of the moneys from this
22 fund to local governments, which shall include:
- 23 1. Application and reporting requirements for local governments;
24 2. A list of eligible expenses by the local governments; and
25 3. Accountability criteria for local governments to receive moneys; and
26 (b) Distributions to the local governments, which shall include guidelines for
27 the allocation of moneys for local governments which include both cities

1 and counties.

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

7 (9) As used in this section, "local government" means a city, county, urban-county
8 government, charter county government, consolidated local government, and
9 unified local government.

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

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

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

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

- 1 applicable school districts on a confidential basis;
- 2 (j) Providing documents, data, or other information to a third party pursuant to an
3 order issued by a court of competent jurisdiction;
- 4 (k) Publishing administrative writings on its official website in accordance with
5 KRS 131.020(1)(b);~~or~~
- 6 (l) Providing the information required in Section 2 of this Act to the
7 Department for Local Government on a confidential basis for the
8 calculation of the fund distribution in that section; or
- 9 (m) Providing information to the Legislative Research Commission under:
- 10 1. KRS 139.519 for purposes of the sales and use tax refund on building
11 materials used for disaster recovery;
- 12 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 13 3. KRS 141.437 for purposes of the ENERGY STAR home and the
14 ENERGY STAR manufactured home credits;
- 15 4. KRS 141.383 for purposes of the film industry incentives;
- 16 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
17 credit and the job assessment fees;
- 18 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 19 7. KRS 141.396 for purposes of the angel investor credit;
- 20 8. KRS 141.389 for purposes of the distilled spirits credit;
- 21 9. KRS 141.408 for purposes of the inventory credit;
- 22 10. KRS 141.390 for purposes of the recycling and composting credits;
- 23 11. KRS 141.3841 for purposes of the selling farmer credit;
- 24 12. KRS 141.4231 for purposes of the renewable chemical production
25 credit;
- 26 13. KRS 141.524 for purposes of the Education Opportunity Account
27 Program credit;

- 1 14. KRS 141.398 for purposes of the development area credit;
- 2 15. KRS 139.516 for purposes of the sales and use tax exemptions for the
- 3 commercial mining of cryptocurrency;
- 4 16. KRS 141.419 for purposes of the decontamination credit;
- 5 17. KRS 141.391 for purposes of the qualified broadband investment credit;
- 6 18. KRS 139.499 for purposes of the sales and use tax exemptions for a
- 7 qualified data center project; and
- 8 19. KRS 139.5325 for purposes of the sales and use tax incentive for a
- 9 qualifying attraction.
- 10 (3) The commissioner shall make available any information for official use only and on
- 11 a confidential basis to the proper officer, agency, board or commission of this state,
- 12 any Kentucky county, any Kentucky city, any other state, or the federal
- 13 government, under reciprocal agreements whereby the department shall receive
- 14 similar or useful information in return.
- 15 (4) Access to and inspection of information received from the Internal Revenue Service
- 16 is for department use only, and is restricted to tax administration purposes.
- 17 Information received from the Internal Revenue Service shall not be made available
- 18 to any other agency of state government, or any county, city, or other state, and
- 19 shall not be inspected intentionally and without authorization by any present
- 20 secretary or employee of the Finance and Administration Cabinet, commissioner or
- 21 employee of the department, or any other person.
- 22 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
- 23 requirements of KRS Chapter 137 and statistics of natural gas production as
- 24 reported to the department under the natural resources severance tax requirements
- 25 of KRS Chapter 143A may be made public by the department by release to the
- 26 Energy and Environment Cabinet, Department for Natural Resources.
- 27 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map

1 submissions for the 1989 tax year, the department may make public or divulge only
2 those portions of mine maps submitted by taxpayers to the department pursuant to
3 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
4 out parcel areas. These electronic maps shall not be relied upon to determine actual
5 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
6 required under KRS Chapters 350 and 352 shall not be construed to constitute land
7 surveying or boundary surveys as defined by KRS 322.010 and any administrative
8 regulations promulgated thereto.