

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, except that the

17 bookmaker may apply Tattersalls rules to ensure fair settlement;

18 (16)~~(9)~~ "Geofence" means a virtual geographic boundary defined by Global

19 Positioning System (GPS) or Radio Frequency Identification (RFID) technology;

20 (17)~~(10)~~ "Harness race" or "harness racing" means trotting and pacing races of the

21 standardbred horses;

22 (18)~~(11)~~ "Horse race meeting" means horse racing run at an association licensed and

23 regulated by the Kentucky Horse Racing and Gaming Corporation, and may include

24 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;

25 (19)~~(12)~~ "Host track" means the track conducting racing and offering its racing for

26 intertrack wagering, or, in the case of interstate wagering, means the Kentucky

27 track conducting racing and offering simulcasts of races conducted in other states or

1 foreign countries;

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

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

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

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

16 ~~(24)~~~~(17)~~ "Kentucky resident" means:

17 (a) An individual domiciled within this state;

18 (b) An individual who maintains a place of abode in this state and spends, in the  
19 aggregate, more than one hundred eighty-three (183) days of the calendar year  
20 in this state; or

21 (c) An individual who lists a Kentucky address as his or her principal place of  
22 residence when applying for an account to participate in advance deposit  
23 account wagering;

24 ~~(25)~~~~(18)~~ "Licensed facility for sports wagering" means the designated areas to conduct  
25 sports wagering for a track licensed to conduct sports wagering pursuant to KRS  
26 230.811;

27 ~~(26)~~~~(19)~~ "Licensed premises" means a track or simulcast facility licensed by the

1 corporation under this chapter;

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

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

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

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

17 **(a) Means:**

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

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

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

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

27 ~~(32)~~~~(24)~~ "Principal" means any of the following individuals associated with a

1 partnership, trust, association, limited liability company, or corporation that is  
 2 licensed to conduct a horse race meeting or an applicant for a license to conduct a  
 3 horse race meeting:

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

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

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

27 **(34)**~~(25)~~ "Proof of wagers" includes any paper, card, certificate, token, or ticket, which

1 indicates the details of one (1) or more pari-mutuel wagers that were placed and, if  
2 such wagers are successful, that winnings are due to the ticket holder from the  
3 track;

4 ~~(35)~~~~(26)~~ "Quarter horse" means a horse that is registered with the American Quarter  
5 Horse Association of Amarillo, Texas;

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

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

15 **(a) Means an individual that is restricted from participating in fantasy contests:**

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

19 **2. 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, ~~(e.g. i.e.)~~, meeting  
13 the requirements of and registered with The Jockey Club of New York) and is  
14 mounted 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 who  
13           offers online gaming, online sports wagering, or fantasy contests to persons  
14           located within the Commonwealth; and

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

18 (2) The Office of the Attorney General or applicable administrative body shall:

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

23           (b) 1. Transmit an updated registry to the corporation on a monthly basis, or  
24           more frequently as practicable.

25           2. Upon receipt of the updated registry, the corporation shall disseminate  
26           the registry to each licensed online gaming operator.

27 (3) A licensed online gaming operator shall:

- 1        (a) Prior to creating an account for any applicant, verify whether the applicant  
2                    appears on the child support arrearage registry; and  
3        (b) Deny account creation to any applicant who is a disqualified person.
- 4        (4) A licensed online gaming operator shall, upon receipt of each updated registry  
5                    transmitted under subsection (2) of this section, cross-reference the updated  
6                    registry against its existing account holders. Any account holder identified as a  
7                    disqualified person shall have his or her account suspended within five (5)  
8                    business days of receipt of the updated registry. The operator shall provide  
9                    written notice to the account holder of the suspension and the reason therefor.
- 10       (5) A suspended account shall be reinstated when the individual no longer appears  
11                   as a disqualified person on the registry transmitted under subsection (2) of this  
12                   section. Reinstatement shall occur no later than five (5) business days following  
13                   the licensed online gaming operator's receipt of an updated registry on which the  
14                   individual does not appear. An individual may also request expedited  
15                   reinstatement by providing the operator with written documentation from the  
16                   Office of the Attorney General or applicable administrative body confirming  
17                   removal from the registry, in which case the operator shall reinstate the account  
18                   within two (2) business days of receipt of such documentation.
- 19       (6) A licensed online gaming operator that knowingly creates an account for, or  
20                   knowingly permits continued participation by, a disqualified person shall be  
21                   subject to administrative penalties imposed by the applicable licensing authority,  
22                   including suspension or revocation of the operator's license.
- 23       (7) A cause of action shall not lie against a licensed online gaming operator for  
24                   account denial or suspension undertaken in good-faith compliance with this  
25                   section.
- 26       (8) The applicable licensing authority shall promulgate administrative regulations  
27                   necessary to implement this section with respect to operators and products under

1 their respective jurisdiction, including procedures for secure data handling and  
2 the account reinstatement process.

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

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

7 (1) The corporation shall promulgate administrative regulations in accordance with  
8 KRS Chapter 13A to govern the operation of fantasy contests and enforce  
9 Sections 4 to 13 of this Act, but the corporation shall not limit or restrict lawful  
10 fantasy contests solely by labeling them as sports wagering, except the  
11 corporation may classify a contest as sports wagering when warranted by its  
12 actual characteristics and consistent with state and federal law.

13 (2) The corporation shall:

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

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

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

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

21 (3) The corporation and fantasy contest service providers shall cooperate with  
22 investigations conducted by law enforcement agencies, including but not limited  
23 to providing and facilitating the provision of account level entry and participation  
24 information.

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

27 Fantasy contest service providers shall:

- 1 (1) Implement procedures to prevent fraud, abuse, and money laundering;  
2 (2) Establish technical and operational measures to prevent underage participation  
3 in a fantasy contest;  
4 (3) Deploy identity verification procedures, which may require the use of a reputable  
5 independent third party that can:  
6 (a) Verify a person's personally identifiable information; and  
7 (b) Detect potential prohibited participants;  
8 (4) Employ mechanisms on the fantasy contest service provider's platform that are  
9 designed to detect and prevent:  
10 (a) Unauthorized accounts;  
11 (b) Fraud;  
12 (c) Money laundering; and  
13 (d) Collusion; and  
14 (5) Make all commercially and technologically reasonable efforts to promptly notify  
15 the corporation of:  
16 (a) A confirmed breach of the relevant sport's governing body's internal rules  
17 and codes of conduct, if provided to the fantasy contest service provider,  
18 pertaining to participation in real-money fantasy contests;  
19 (b) Any conduct that corrupts any outcome related to a sporting event or  
20 sporting events for purposes of financial gain, including match fixing; and  
21 (c) Confirmed illegal activities, including use of funds derived from illegal  
22 activity, entries to conceal or launder funds derived from illegal activity,  
23 multi-accounting, and using false identification.

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

- 26 (1) Except as otherwise provided in this section, a person shall not offer fantasy  
27 contests in the Commonwealth unless the person is licensed by the corporation as

1 a fantasy contest service provider.

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

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

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

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

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

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

14 (3) The corporation may require additional background checks on a fantasy contest  
15 service provider when a fantasy contest service provider submits a renewal  
16 application.

17 (4) This section shall not require a fantasy contest service provider applicant or  
18 person who has submitted to a national criminal history record check in  
19 Kentucky or any other state within the twelve (12) months prior to submitting the  
20 application to resubmit to another record check if the fantasy service provider  
21 applicant or person submits the results of the previous record check and affirms  
22 there has been no material change since the previous record check.

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

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

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

- 1        (c) The fantasy contest service provider's contact information;
- 2        (d) The fantasy contest service provider's Social Security number or, if
- 3                applicable, federal employer identification number;
- 4        (e) The name and address of each person that holds a five percent (5%) or
- 5                more ownership interest or shares in the fantasy contest service provider;
- 6        (f) The fantasy contest service provider's criminal record or, if the fantasy
- 7                contest service provider is a business entity, any criminal record of a person
- 8                who is a director, officer, or key employee of the applicant or any person
- 9                who has a five percent (5%) or more ownership interest in the fantasy
- 10                contest service provider;
- 11        (g) Documentation identifying the following from the fantasy contest service
- 12                provider, or any director, officer, key employee, or individual owner of five
- 13                percent (5%) or more of the fantasy contest service provider that has:
- 14                1. Any ownership interest in a business that is or was a fantasy contest
- 15                        service provider or similar entity in any jurisdiction;
- 16                2. An equity interest of five percent (5%) or more in any business of the
- 17                        fantasy contest service provider. If a business has been identified
- 18                        under this subparagraph, documentation shall be provided showing
- 19                        the state in which the business is incorporated or registered, if
- 20                        applicable;
- 21                3. Ever applied for or been granted any license, registration, or
- 22                        certificate issued by a licensing authority in Kentucky or any other
- 23                        jurisdiction for a gaming activity; and
- 24                4. Filed or been served with a complaint or other notice filed by a public
- 25                        body regarding the delinquency in payment of or dispute over filings
- 26                        concerning the payment of any tax required under federal, state, or
- 27                        local law, including the amount of tax, type of tax, and taxing agency

- 1                   and the time periods involved; and
- 2           (h) Information sufficient to show, as determined by the corporation, that the  
3           fantasy contest service provider can meet the requirements of Sections 4 to  
4           13 of this Act.
- 5           (6) The corporation may promulgate administrative regulations in accordance with  
6           KRS Chapter 13A to establish additional qualifications and requirements to  
7           preserve the integrity and security of fantasy contests and to promote and  
8           maintain a competitive fantasy contest market.
- 9           (7) On receipt of a completed application and the required fee, the corporation shall  
10           conduct the necessary background investigation to determine if the applicant  
11           meets the qualifications for licensure. On completion of the investigation, the  
12           corporation shall issue a license or deny the application. If the application for  
13           licensure is denied, a statement setting forth the grounds for denial shall be  
14           forwarded to the applicant together with all other documents relied on by the  
15           corporation, to the extent allowed by law.
- 16           (8) (a) A person shall not be issued a license if the person has been convicted of a  
17           violation of state or federal law that is:
- 18                   1. A felony;
- 19                   2. Any crime involving illegal gaming or gambling; or
- 20                   3. Any crime involving theft or fraud that is or would be a felony or  
21                   Class A misdemeanor in the Commonwealth of Kentucky.
- 22           (b) The prohibitions in paragraph (a) of this subsection shall apply to the  
23           applicant or licensee, or director, officer, key employee, or individual owner  
24           of five percent (5%) or more of the fantasy contest service provider.

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

- 27           (1) As part of its submission for licensure or renewal, a fantasy contest service

1 provider applicant shall:

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

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

7 (c) Submit to the corporation a copy of the audit report and of the compliance  
8 report of the testing laboratory, certified public accountant, or professional  
9 service provider.

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

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

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

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

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

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

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

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

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

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

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

12 (3) If the corporation receives a complaint of prohibited conduct by an athlete or  
13 referee or other officiant, the corporation shall notify the appropriate sports  
14 governing body of the athlete or referee or other officiant to review the complaint  
15 as provided by the corporation.

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

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

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

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

26 (3) A person is guilty of tampering with the outcome of a fantasy contest when the  
27 person interacts with a player, coach, referee or other officiants, or other

1 restricted participant with the intent to persuade the restricted participant to act  
2 in a way that would:

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

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

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

9 (1) (a) A fantasy contest service provider that is currently licensed as a sports  
10 wagering service provider under this chapter shall pay an:

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

12 and

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

14 (b) A fantasy contest service provider that is not currently licensed as a sports  
15 wagering service provider under this chapter shall pay an:

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

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

18 (2) A fantasy contest service provider that was offering contests to persons located in  
19 this Commonwealth before the effective date of this Act may continue to offer  
20 contests to persons located in this Commonwealth until the fantasy contest service  
21 provider's application has been approved or denied, if the fantasy contest service  
22 provider submits an application for licensure with the corporation within ninety  
23 (90) days after the corporation promulgates administrative regulations to  
24 effectuate Sections 4 to 13 of this Act.

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

1       **(b) A fantasy contest service provider may request in writing to the corporation**  
2       **an extension to renew the fantasy contest service provider's license. If the**  
3       **fantasy contest service provider allows the license to lapse without**  
4       **requesting an extension time to file, the fantasy contest service provider**  
5       **shall resubmit an initial application.**

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

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

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

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

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

16       **(1) (a) There is hereby established in the State Treasury a restricted account to be**  
17       **known as the fantasy contest administration fund. The fund shall consist of**  
18       **moneys received from the fees imposed by Section 11 of this Act, the**  
19       **monthly tax imposed on fantasy contest service providers, and state**  
20       **appropriations.**

21       **(b) 1. The amounts deposited in the fund shall be used as follows:**

22               **a. Ten percent (10%) of the receipts shall be distributed to the**  
23               **Kentucky Horse Racing and Gaming Corporation for the**  
24               **administration and operation of the corporation. The**  
25               **corporation shall prepare and submit a quarterly report to the**  
26               **Legislative Research Commission for referral to the Interim**  
27               **Joint Committee on Licensing, Occupations, and Administrative**

1 Regulations or to the Senate Standing Committee on Licensing  
2 and Occupations and the House Standing Committee on  
3 Licensing, Occupations, and Administrative Regulations, as  
4 appropriate, which includes the amounts received as well as the  
5 expenditures against those funds. This information shall also be  
6 included in the corporation's annual report required by Section  
7 18 of this Act; and

8 b. Two and one-half percent (2.5%) of the funds shall be deposited  
9 in the Kentucky problem gambling assistance account  
10 established in KRS 230.826.

11 2. The remaining funds shall be deposited in the Kentucky permanent  
12 pension fund established in KRS 42.205.

13 3. Any interest accruing to the fund shall become a part of the fund and  
14 shall not lapse.

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

17 (3) Moneys deposited in the fund shall be:

18 (a) Used for the purposes set forth in this section; and

19 (b) Distributed as they are received on a rolling basis.

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

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

26 (2) (a) A resident, or nonresident if allowed to participate in fantasy contests, may  
27 voluntarily prohibit himself or herself from establishing a fantasy contest

- 1           account with a fantasy contest service provider.
- 2           **(b) The corporation shall incorporate the voluntary self-exclusion program for**
- 3           **fantasy contests into any existing self-exclusion program that it operates on**
- 4           **the effective date of this Act.**
- 5           **(3) If a self-excluded person participates in a fantasy contest, the fantasy contest**
- 6           **service provider shall report to the corporation, at a minimum, the name of the**
- 7           **self-excluded person, the date of participation, the amount or value of any money,**
- 8           **prizes, or awards forfeited, if any, and any other action taken.**
- 9           **(4) A fantasy contest service provider shall not pay any prize or award to a person**
- 10           **who is on the corporation's self-exclusion list. Any prize or award won by a**
- 11           **person on the self-exclusion list is forfeited and shall be donated by the fantasy**
- 12           **contest service provider to the problem gaming charities or programs as identified**
- 13           **and directed by the corporation on a quarterly basis by the twenty-fifth day of the**
- 14           **following month.**
- 15           **(5) A fantasy contest service provider shall develop and maintain a program to**
- 16           **mitigate and curtail compulsive play, which may be conducted in conjunction**
- 17           **with the corporation.**

18           ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO

19 READ AS FOLLOWS:

- 20           **(1) There is hereby established in the corporation a restricted account to be known as**
- 21           **the purse stabilization fund. The fund shall consist of any moneys received from**
- 22           **the excise tax collected under Section 16 of this Act that derives from wagers**
- 23           **placed on horse racing.**
- 24           **(2) The fund shall be administered by the corporation.**
- 25           **(3) The amounts deposited in the fund:**
- 26           **(a) Shall be held in the restricted account for at least one and one-half (1-1/2)**
- 27           **years after the effective date of this Act; and**

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

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

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

- 7        (1) An emergency administrative regulation is an administrative regulation that:
- 8                    (a) An administrative body can clearly demonstrate, through documentary  
 9                    evidence submitted with the filing of the emergency administrative regulation,  
 10                   must be placed into effect immediately in order to:
- 11                   1. Meet an imminent threat to public health, safety, welfare, or the  
 12                   environment;
- 13                   2. Prevent an imminent loss of federal or state funds;
- 14                   3. Meet an imminent deadline for the promulgation of an administrative  
 15                   regulation that is established by state statute or federal law; or
- 16                   4. Comply with an executive order issued under KRS Chapter 39A; and
- 17                   (b) 1. Is temporary in nature and will expire as provided in this section; or  
 18                   2. Is temporary in nature and will be replaced by an ordinary  
 19                   administrative regulation as provided in this section.

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

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

25        (3) An emergency administrative regulation:

26                    (a) Shall become effective and shall be considered as adopted upon filing;

27                    (b) Shall be published in the Administrative Register in accordance with the

- 1 publication deadline established in KRS 13A.050(3);
- 2 (c) Shall be subject to the public comment provisions established in KRS  
3 13A.270 and 13A.280;
- 4 (d) 1. May be reviewed at a subsequent meeting of a legislative committee  
5 after the filing of the emergency administrative regulation; and  
6 2. May, by a vote of the majority of the legislative committee's  
7 membership as established by KRS 13A.020(4) and 13A.290(9), be  
8 found to be deficient, and the deficiency shall be reported to the  
9 Governor pursuant to KRS 13A.330(2); and
- 10 (e) May be amended:
- 11 1. By the promulgating administrative body after receiving public  
12 comments as established in KRS 13A.280. The amended after  
13 comments version shall:
- 14 a. Become effective upon filing; and  
15 b. Not require a statement of emergency; or
- 16 2. At a legislative committee meeting as established in KRS 13A.320. The  
17 amendment shall be approved as established by KRS 13A.020(4) or  
18 KRS 13A.290(9). The amended version shall become effective upon  
19 adjournment of the meeting following the procedures established in  
20 KRS 13A.020(4) or 13A.331(1) and (2).
- 21 (4) (a) Except as provided by paragraph (b) of this subsection, emergency  
22 administrative regulations shall expire two hundred seventy (270) days after  
23 the date of filing or when the same matter filed as an ordinary administrative  
24 regulation filed for review is adopted, whichever occurs first.
- 25 (b) If an administrative body extends the time for filing a statement of  
26 consideration for an ordinary administrative regulation as provided by KRS  
27 13A.280(2)(b), an emergency administrative regulation shall remain in effect

1 for two hundred seventy (270) days after the date of filing plus the number of  
2 days extended under the provisions of KRS 13A.280(2)(b) or when the same  
3 matter filed as an ordinary administrative regulation filed for review is  
4 adopted, whichever occurs first.

5 (c) Filing an emergency amended after comments administrative regulation shall  
6 not affect the expiration of an emergency regulation as established in  
7 paragraphs (a) and (b) of this subsection.

8 (5) Except as established in subsection (6) of this section, an emergency administrative  
9 regulation with the same number or title or governing the same subject matter shall  
10 not be filed for a period of two hundred seventy (270) days after it has been initially  
11 filed.

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

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

19 (a) The nature of the emergency;

20 (b) The reasons why an ordinary administrative regulation is not sufficient;

21 (c) Whether or not the emergency administrative regulation will be replaced by  
22 an ordinary administrative regulation;

23 (d) If the emergency administrative regulation will be replaced by an ordinary  
24 administrative regulation, the following statement: "The ordinary  
25 administrative regulation (is or is not) identical to this emergency  
26 administrative regulation.";

27 (e) If the emergency administrative regulation will not be replaced by an ordinary

1 administrative regulation, the reasons therefor; and

2 (f) If applicable, the explanation required by subsection (6) of this section.

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

4 1. Statement of emergency required by subsection (7) of this section to the  
5 front of the original and each copy of a proposed emergency  
6 administrative regulation;

7 2. Public hearing and public comment period information required by KRS  
8 13A.270(2), regulatory impact analysis, tiering statement, federal  
9 mandate comparison, fiscal note, summary of material incorporated by  
10 reference if applicable, and other forms or documents required by the  
11 provisions of this chapter to the back of the emergency administrative  
12 regulation; and

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

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

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

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

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

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

25 2. At the same time as, or prior to, filing the paper version, an electronic  
26 version of the emergency administrative regulation and the attachments  
27 required by paragraph (a) of this subsection saved as a single document

- 1 for each emergency administrative regulation in an electronic format  
2 approved by the regulations compiler.
- 3 (c) 1. Each original emergency administrative regulation shall be single-sided  
4 and stapled in the top left corner.
- 5 2. One (1) of the copies shall be single-sided and unstapled.
- 6 3. The other three (3) copies shall be stapled in the top left corner and may  
7 be double-sided.
- 8 4. The original and the four (4) copies of each emergency administrative  
9 regulation shall be grouped together.
- 10 (9) The statement of emergency shall have a two (2) inch top margin. The number of  
11 the emergency administrative regulation shall be typed directly below the heading  
12 "Statement of Emergency." The number of the emergency administrative regulation  
13 shall be the same number as the ordinary administrative regulation followed by an  
14 "E."
- 15 (10) Each executive department emergency administrative regulation shall be signed by  
16 the head of the administrative body and, except as exempted by Section 2 of this  
17 Act, countersigned by the Governor prior to filing with the Commission. These  
18 signatures shall be on the statement of emergency attached to the front of the  
19 emergency administrative regulation.
- 20 (11) If an emergency administrative regulation will be replaced by an ordinary  
21 administrative regulation, the ordinary administrative regulation shall be filed at the  
22 same time as the emergency administrative regulation that it will replace.
- 23 (12) If an ordinary administrative regulation that was filed to replace an emergency  
24 administrative regulation:
- 25 (a) Is withdrawn:
- 26 1. The emergency administrative regulation shall expire on the date the  
27 ordinary administrative regulation is withdrawn; and

1           2. The administrative body shall inform the regulations compiler of the  
2           reasons for withdrawal in writing; or

3           (b) Expires, the emergency administrative regulation shall expire on the date the  
4           ordinary administrative regulation expires pursuant to KRS 13A.315(1).

5 (13) (a) If an emergency administrative regulation that was intended to be replaced by  
6           an ordinary administrative regulation is withdrawn, the emergency  
7           administrative regulation shall expire on the date it is withdrawn.

8           (b) If an emergency administrative regulation has been withdrawn, the ordinary  
9           administrative regulation that was filed with it shall not expire unless the  
10          administrative body informs the regulations compiler that the ordinary  
11          administrative regulation is also withdrawn.

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

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

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

20 (1) As used in this section:

21 (a) "Adjusted gross fixed-odds wagering revenue" means the total sum of  
22 wagers collected on all fixed-odds wagers on live horse racing and all  
23 combination of bets of multiple individual wagers into one (1) bet that  
24 includes one (1) or more fixed-odds wagers on live horse racing, less  
25 winnings paid to participants in the contest and all excise taxes paid  
26 pursuant to federal law;

27 (b) "Adjusted gross sports wagering revenue" means the total sum of wagers

1 collected on all sporting events, except any combination of bets of multiple  
 2 individual wagers into one (1) bet that includes one (1) or more fixed-odds  
 3 wagers on live horse racing, less winnings paid to participants in the contest  
 4 and all excise taxes paid pursuant to federal law;

5 ~~(c)~~~~(b)~~ "Department" means Department of Revenue;

6 ~~(d)~~~~(e)~~ "Fixed-odds wagering" has the same meaning as in Section 1 of this  
 7 Act;

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

14 ~~(f)~~~~(d)~~ "Sports wagering" means the wagering conducted under KRS Chapter  
 15 230 on sporting events or portions of sporting events, or on the individual  
 16 performance statistics of athletes in a sporting event or combination of  
 17 sporting events, in conformance with federal law and as authorized by the  
 18 corporation pursuant to KRS Chapter 230~~[has the same meaning as in KRS~~  
 19 ~~230.210]; and~~

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

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

23 (a) Sports wagering at a rate of:

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

26 2.~~(b)~~ Fourteen and one-quarter percent (14.25%) on the adjusted gross  
 27 sports wagering revenue on wagers placed online via websites or mobile

1 applications or other off-site technology approved by the Kentucky  
2 Horse Racing and Gaming Corporation; **and**

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

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

7 **2. Fourteen and one-quarter percent (14.25%) on the adjusted gross**  
8 **fixed-odds wagering revenue of fixed-odds wagers on live horse racing**  
9 **placed online via websites or mobile applications or other off-site**  
10 **technology approved by the Kentucky Horse Racing and Gaming**  
11 **Corporation.**

12 **(3) The excise taxes imposed in:**

13 **(a) Subsection (2)(a) of this section** ~~[and]~~ shall be **transferred** ~~[appropriated]~~ to  
14 the sports wagering administration fund established in KRS 230.817 and  
15 appropriated for the purposes established in that section; **and**

16 **(b) Subsection (2)(b) of this section shall be transferred to the purse**  
17 **stabilization fund established in Section 14 of this Act and appropriated for**  
18 **the purposes established in that section.**

19 ~~(4)~~~~(3)~~ The department shall enforce the provisions of and collect the taxes and  
20 penalties imposed in this section, and in doing so it shall have the general powers  
21 and duties granted it in KRS Chapters 131 and 135, including the power to enforce,  
22 by an action in the Franklin Circuit Court, the collection of the taxes, penalties, and  
23 other payments imposed or required by this section.

24 ~~(5)~~~~(4)~~ The tax imposed by this section is due and payable to the department monthly  
25 and shall be remitted on or before the twentieth day of the next succeeding calendar  
26 month. If a taxpayer's adjusted gross revenue for a month is a negative number, the  
27 taxpayer may carry over the negative amount to the return filed for the subsequent

1 month. However, no amount shall be carried over in any period more than twelve  
2 (12) months after the month in which the amount carried over was originally due.

3 ~~(6)~~~~(5)~~ (a) Payment shall be accompanied by a return prescribed by the department.

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

- 5 1. The total sum of wagers collected in person and electronically through a  
6 mobile application;
- 7 2. Winnings paid in person and electronically through a mobile  
8 application;
- 9 3. Adjusted gross revenue in person and electronically through a mobile  
10 application;
- 11 4. Tax rates applied to adjusted gross revenue in person and electronically  
12 through a mobile application;
- 13 5. The tax due from adjusted gross revenues in person and electronically  
14 through a mobile application;
- 15 6. Federal excise taxes paid; and
- 16 7. The total wagering tax due.

17 ~~(7)~~~~(6)~~ Wagering taxes due and payable in accordance with this section shall be paid  
18 via electronic funds transfer. The taxpayer shall provide the department with all  
19 protocol documentation and electronic funds transfer data necessary to facilitate the  
20 timely transfer of funds.

21 ~~(8)~~~~(7)~~ Any taxpayer who violates any provision of this section shall be subject to the  
22 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax  
23 interest rate as defined in KRS 131.010(6).

24 ~~(9)~~~~(8)~~ The Kentucky Horse Racing and Gaming Corporation may suspend, revoke,  
25 or decline to renew a license upon the taxpayer's failure to timely submit payment  
26 of taxes due under this section or the administrative regulations promulgated by the  
27 department.

1 ~~(10)~~<sup>(9)</sup> The taxes imposed by this section shall be in lieu of all other state and local  
2 taxes and fees imposed on the operation of, or the proceeds from, the operation of  
3 sports wagering.

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

5 (1) (a) It is the policy of the Commonwealth of Kentucky, in furtherance of its  
6 responsibility to foster and to encourage legitimate occupations and industries  
7 in the Commonwealth and to promote and to conserve the public health,  
8 safety, and welfare, and it is hereby declared the intent of the Commonwealth  
9 to foster and to encourage the horse breeding industry within the  
10 Commonwealth and to encourage the improvement of the breeds of horses.

11 (b) Further, it is the policy and intent of the Commonwealth to foster and to  
12 encourage the business of legitimate horse racing with pari-mutuel wagering  
13 thereon in the Commonwealth on the highest possible plane. Further, it hereby  
14 is declared the policy and intent of the Commonwealth that all racing not  
15 licensed under this chapter is a public nuisance and may be enjoined as such.

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

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

27 (e) Further, it is hereby declared the policy and intent of the Commonwealth that

1 charitable gaming conducted by charitable organizations is an important  
2 method of raising funds for legitimate charitable purposes and is in the public  
3 interest. The intent of this chapter and KRS Chapter 238 is to prevent the  
4 commercialization of charitable gaming, to prevent participation in charitable  
5 gaming by criminal and other undesirable elements, and to prevent the  
6 diversion of funds from legitimate charitable purposes, and that charitable  
7 gaming shall be overseen by the Kentucky Horse Racing and Gaming  
8 Corporation.

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

13 (2) (a) It is hereby declared the purpose and intent of this chapter in the interest of  
14 the public health, safety, and welfare, to vest in the corporation forceful  
15 control of horse racing in the Commonwealth with power to promulgate  
16 administrative regulations prescribing conditions under which all legitimate  
17 horse racing and wagering thereon is conducted in the Commonwealth so as  
18 to encourage the improvement of the breeds of horses in the Commonwealth,  
19 to regulate and maintain horse racing at horse race meetings in the  
20 Commonwealth of the highest quality and free of any corrupt, incompetent,  
21 dishonest, or unprincipled horse racing practices, and to regulate and maintain  
22 horse racing at race meetings in the Commonwealth so as to dissipate any  
23 cloud of association with the undesirable and maintain the appearance as well  
24 as the fact of complete honesty and integrity of horse racing in the  
25 Commonwealth.

26 (b) In addition, it is hereby declared the purpose and intent of this chapter to vest  
27 in the corporation exclusive jurisdiction over sports wagering, fantasy

1           contests, and fixed-odds wagering in the Commonwealth, with power to  
2           promulgate administrative regulations prescribing conditions under which all  
3           sports wagering, fantasy contests, and fixed-odds wagering are~~[-is]~~ to be  
4           conducted.

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

12          (d) In addition, it is hereby declared the purpose and intent of this chapter to vest  
13          in the corporation exclusive jurisdiction over charitable gaming in the  
14          Commonwealth, with power to promulgate administrative regulations  
15          prescribing conditions under which all charitable gaming is to be conducted.

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

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

24          (1) There is hereby created and established the Kentucky Horse Racing and Gaming  
25          Corporation to regulate all forms of live horse racing, pari-mutuel wagering, sports  
26          wagering, fantasy contests, fixed-odds wagering, breed integrity and development,  
27          and on and after July 1, 2025, charitable gaming, in the Commonwealth, exclusive

1 of the state lottery established under KRS Chapter 154A. It shall be an independent,  
2 de jure municipal corporation and political subdivision of the Commonwealth of  
3 Kentucky which shall be a public body corporate and politic. The corporation shall  
4 be deemed a public agency within the meaning of KRS 61.805 and 61.870. The  
5 corporation shall be managed in such a manner that enables the people of the  
6 Commonwealth to benefit from its actions and to enjoy the best possible racing and  
7 gaming experiences. The General Assembly hereby recognizes that the operations  
8 of racing and gaming are unique activities for state government and that a corporate  
9 structure will best enable racing and gaming to be managed in a businesslike  
10 manner. It is the intent of the General Assembly that the Kentucky Horse Racing  
11 and Gaming Corporation shall be accountable to the Governor, the General  
12 Assembly, and the people of the Commonwealth.

- 13 (2) (a) 1. The Auditor of Public Accounts shall perform an audit of the  
14 corporation once every four (4) years, a copy of which shall be sent to  
15 the Governor and the Legislative Research Commission.
- 16 2. A different auditing entity that is qualified to evaluate municipal  
17 corporations shall conduct an annual audit of the corporation once each  
18 year in every year when the Auditor of Public Accounts does not  
19 perform an audit. A copy of this audit shall be sent to the Governor and  
20 Legislative Research Commission.
- 21 3. This first audit conducted under this subsection shall cover fiscal year  
22 2024-2025.
- 23 (b) The corporation shall submit a written annual report to the Governor and the  
24 Legislative Research Commission on or before October~~July~~ 1 of each year.~~]~~  
25 ~~The first report shall be due July 1, 2025.]~~ The corporation shall file any  
26 additional reports requested by the Governor or the Legislative Research  
27 Commission. The annual report shall include the following information:

- 1           1.    The receipts and disbursements of the corporation; and
- 2           2.    Actions taken by the corporation.
- 3           (c)   The corporation may submit any additional information and recommendations
- 4                 that the corporation considers useful or that the Governor or the Legislative
- 5                 Research Commission requests.
- 6   (3)   The Kentucky Horse Racing and Gaming Corporation shall be administered by a
- 7         board of directors to regulate the conduct of:
- 8           (a)   Live horse racing;
- 9           (b)   Pari-mutuel wagering;
- 10          (c)   Sports wagering;
- 11          (d)   *Fantasy contests*;
- 12          ~~(e)~~   Charitable gaming~~[ on and after July 1, 2025]~~;
- 13          ~~(f)~~~~(e)~~   Breed integrity and development; and
- 14          ~~(g)~~~~(f)~~   Related activities within the Commonwealth of Kentucky.
- 15   (4)   (a)   The corporation shall establish and maintain a general office for the
- 16                 transaction of its business and may, in its discretion, establish a branch office
- 17                 or offices.
- 18          (b)   The corporation may hold meetings at any of its offices or at any other place
- 19                 at its convenience.
- 20          (c)   A majority of the voting members of the corporation shall constitute a quorum
- 21                 for the transaction of its business or exercise of any of its powers.
- 22   (5)   Except as otherwise provided, the corporation shall be responsible for the
- 23         following:
- 24          (a)   Developing and implementing programs designed to ensure the safety and
- 25                 well-being of horses, jockeys, and drivers;
- 26          (b)   Developing programs and procedures that will fulfill its oversight and
- 27                 regulatory role on such matters as medical practices and integrity issues;

- 1 (c) Recommending tax incentives and implementing incentive programs to ensure  
2 the strength and growth of the equine industry;
- 3 (d) Designing and implementing programs that strengthen the ties between  
4 Kentucky's horse industry and the state's universities, with the goal of  
5 significantly increasing the economic impact of the horse industry on  
6 Kentucky's economy, improving research for the purpose of promoting the  
7 enhanced health and welfare of the horse, and other related industry issues;
- 8 (e) Developing and supporting programs which ensure that Kentucky remains in  
9 the forefront of equine research;
- 10 (f) Designing and implementing programs that support and ensure breed integrity  
11 and development;
- 12 (g) Developing monitoring programs to ensure the highest integrity of sporting  
13 events and sports wagering;
- 14 (h) Developing a program to share wagering information with sports governing  
15 bodies upon which sports wagering may be conducted. The program shall be  
16 designed to assist the corporation in determining potential problems or  
17 questionable activity and provide reports to sports governing bodies  
18 effectively;
- 19 (i) **Developing and implementing programs to ensure the highest integrity of**  
20 **fantasy contests;**
- 21 **(j)** Developing programs and procedures that will fulfill its oversight and  
22 regulatory role to ensure the highest integrity in charitable gaming;
- 23 **(k)**~~(j)~~ Developing programs and procedures that will provide oversight and  
24 regulation for all current forms of gaming and wagering;
- 25 **(l)**~~(k)~~ Annually evaluating the allocation and use of funds among the purposes  
26 listed in KRS 230.3612 from unredeemed pari-mutuel vouchers; and
- 27 **(m)**~~(l)~~ Ensuring that the correct responsibilities are assigned to each of its

1 offices as established in KRS 230.232.

2 (6) (a) The corporation shall conduct all procurements in accordance with procedures  
3 which are not inconsistent with the provisions of KRS Chapter 45A and this  
4 chapter; provided, however, that this chapter shall control if and to the extent  
5 that any provision in this chapter is expressly inconsistent with any provision  
6 of KRS Chapter 45A.

7 (b) The corporation may promulgate administrative regulations establishing its  
8 procurement procedures. If the corporation elects to promulgate  
9 administrative regulations establishing its procurement procedures rather than  
10 conduct procurements in accordance with KRS Chapter 45A, the corporation  
11 may include sections of KRS Chapter 45A as part of its administrative  
12 regulations.

13 (c) Major procurements for personal service contracts shall not be subject to the  
14 requirements of KRS 45A.695(2)(b) due to the unique operational activities  
15 conducted for state government by the corporation. The corporation's  
16 procurement procedures or administrative regulations shall be designed to  
17 provide for the purchase of supplies, equipment, services, and construction  
18 items that provide the greatest long-term benefit to the state and the greatest  
19 integrity for the corporation and the public.

20 (d) In its bidding and negotiation processes, the corporation may do its own  
21 bidding and procurement, or may utilize the services of the Finance and  
22 Administration Cabinet, or a combination thereof. The president of the  
23 corporation may, in lieu of the secretary of the Finance and Administration  
24 Cabinet, declare an emergency for purchasing purposes.

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

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

- 1 (b) A record involves a trade secret or other legally protected intellectual property  
2 or confidential proprietary information of the corporation or of an applicant,  
3 licensee, individual, or entity having submitted information of such character  
4 to the corporation, in which case, the portion of the record relating to these  
5 subjects may be closed; or
- 6 (c) The disclosure of the record could impair or adversely affect the operational  
7 security of the corporation in the regulation of matters within its jurisdiction  
8 or could impair or adversely impact the operational security of applicants or  
9 licensees.
- 10 (8) Meetings of the corporation through its board of directors shall be open to the  
11 public in accordance with KRS 61.800 to 61.850 unless the exceptions set forth in  
12 KRS 61.810 apply or the meeting addresses trade secrets, confidential or  
13 proprietary information, or operational security issues as described in subsection  
14 (7)(c) of this section. If this is the case, the corporation may meet in closed session  
15 and shall follow the procedures set forth in KRS 61.815.
- 16 (9) The corporation may participate in all state agency price contracts to the same  
17 extent as agencies of the Commonwealth in accordance with KRS 45A.050(3).
- 18 (10) (a) The corporation is hereby authorized to accept and expend such moneys as  
19 may be appropriated by the General Assembly or such moneys as may be  
20 received from any source for effectuating its purposes, including without  
21 limitation the payment of the initial expenses of administration and operation  
22 of the corporation.
- 23 (b) After the transfer to the corporation of any funds appropriated in fiscal year  
24 2024-2025 and fiscal year 2025-2026 for the administration of this chapter  
25 and KRS Chapter 238, the corporation shall be self-sustaining and self-funded  
26 and moneys in the state general fund shall not be used or obligated to pay the  
27 expenses of the corporation.

1 (11) On July 1, 2024:

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

4 (b) The Kentucky Horse Racing Commission shall be abolished and all  
5 employees of the Kentucky Horse Racing Commission are transferred to the  
6 corporation; and

7 (c) All personnel, equipment, and funding shall be transferred from the Kentucky  
8 Horse Racing Commission to the Kentucky Horse Racing and Gaming  
9 Corporation.

10 (12) On July 1, 2025:

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

14 (b) The Department of Charitable Gaming shall be abolished and all employees  
15 of the Department of Charitable Gaming are transferred to the corporation;  
16 and

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

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

22 (a) Regulate or control horse sales;

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

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

27 (d) Exercise jurisdiction over matters within the exclusive national authority of

1 entities designated by the laws of the United States of America.

2 **(14) This section shall not prohibit the corporation from denying, suspending, or**  
 3 **revoking a license, imposing probationary conditions on a license, issuing a**  
 4 **written reprimand or warning, imposing fines or penalties, issuing cease and**  
 5 **desist orders, or any combination thereof with regard to any licensee or person**  
 6 **participating in charitable gaming in Kentucky for a violation of any federal or**  
 7 **state statute, KRS Chapter 238, or any administrative regulation promulgated by**  
 8 **the corporation pursuant to this chapter or KRS Chapter 238.**

9 **(15) The Attorney General has concurrent jurisdiction with the Commonwealth's**  
 10 **attorneys and county attorneys of this state for the enforcement and prosecution**  
 11 **of offenses under this chapter and KRS Chapter 238.**

12 **(16) (a) A licensee required to submit a report to the corporation under this chapter**  
 13 **or KRS Chapter 238 shall submit with the report an attestation that the**  
 14 **report is true, correct, and complete to the best of the applicant's knowledge**  
 15 **and belief under penalty of perjury.**

16 **(b) Any information or data in the report provided to the corporation that is**  
 17 **substantially misleading or containing materially false information shall be**  
 18 **under penalty of refusal, suspension, or revocation of the license by the**  
 19 **corporation.**

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

21 (1) (a) The affairs and responsibilities of the corporation shall be administered by a  
 22 board of directors composed of seventeen (17) members. All seventeen (17)  
 23 members shall be appointed by the Governor.

24 (b) The Governor shall appoint a chair and vice chair of the board, subject to the  
 25 advice and consent of the Senate. A chair or vice chair appointed when the  
 26 Senate is not in session shall serve only until the next regular session, or  
 27 special session if such matter is included in the call therefor of the General

1 Assembly, at which time the chair or vice chair shall be subject to  
2 confirmation by the Senate. If the Senate is not in session, the appointments  
3 shall be subject to review by the Interim Joint Committee on State  
4 Government, which shall hold a public hearing and shall transmit its  
5 recommendations to the Senate. If the Senate refuses to confirm the chair or  
6 vice chair, then the chair or vice chair shall forfeit the office as of the date on  
7 which the Senate refuses to confirm the chair or vice chair.

8 (c) Members of the board appointed by the Governor shall serve a term of four  
9 (4) years unless a member is removed, except the initial appointments under  
10 subsection (6)(c) of this section shall be as follows:

- 11 1. Two (2) year terms shall be served by:
  - 12 a. The five (5) members appointed under subsection (2)(b)2., 4., 6.,  
13 8., and 11. of this section;
  - 14 b. Two (2) appointees under subsection (2)(b)1. of this section;
  - 15 c. One (1) appointee under subsection (2)(b)5. of this section; and
  - 16 d. One (1) appointee under subsection (2)(b)9. of this section; and
- 17 2. Three (3) year terms shall be served by:
  - 18 a. The three (3) members appointed under subsection (2)(b)3., 7., and  
19 10. of this section;
  - 20 b. One (1) appointee under subsection (2)(b)1. of this section;
  - 21 c. Two (2) appointees under subsection (2)(b)5. of this section; and
  - 22 d. Two (2) appointees under subsection (2)(b)9. of this section.

23 (2) For appointments of the board of directors:

- 24 (a) Any member appointed to fill a vacancy occurring other than by expiration of  
25 a term shall be appointed for the remainder of the unexpired term; and
- 26 (b) In making appointments, the Governor shall appoint members who meet the  
27 following qualifications:

- 1           1.    Three (3) members who represent the Thoroughbred industry;
- 2           2.    One (1) member who represents the standardbred industry;
- 3           3.    One (1) equine veterinarian who currently practices with race horses;
- 4           4.    One (1) member shall be selected based on his or her training and
- 5            experience in the fields of investigation and law enforcement;
- 6           5.    Three (3) experts in the gaming industry, with knowledge about the
- 7            technical and logistical sides of the wagering experience. At least one
- 8            (1) of these experts shall have expertise in the technical and logistical
- 9            sides of pari-mutuel wagering on previously run horse races;
- 10          6.    One (1) expert in the operational aspects of the horse industry, with
- 11          particular knowledge of horse breeding;
- 12          7.    One (1) expert in the operational aspects of the horse industry, with
- 13          particular knowledge of horse racing;
- 14          8.    One (1) horse trainer licensed under this chapter;
- 15          9.    Three (3) charitable gaming representatives;
- 16          10.  One (1) member who represents the quarter horse industry; and
- 17          11.  One (1) at-large member with no financial interest in the business or
- 18          industry regulated.
- 19    (3)   (a)  A member of the board of directors, by himself or herself or through others,
- 20          shall not knowingly:
  - 21           1.    Use or attempt to use the member's influence in any manner which
  - 22            involves a substantial conflict between his or her personal or private
  - 23            interest and the member's duties to the corporation;
  - 24           2.    Use or attempt to use any means to influence the corporation in
  - 25            derogation of the corporation;
  - 26           3.    Use the member's official position or office to obtain financial gain for
  - 27            himself or herself, or any spouse, parent, brother, sister, or child of the

1 director; or

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

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

8 (c) A director shall abstain from action on an official decision in which he or she  
9 has or may have a personal or private interest, and shall disclose the existence  
10 of that personal or private interest in writing to each other member of the  
11 board on the same day on which the director becomes aware that the interest  
12 exists or that an official decision may be under consideration by the board.  
13 This disclosure shall cause the decision on these matters to be made in a  
14 meeting of the members of the board who do not have the conflict from which  
15 meeting the director shall be absent and from all votes on which matters the  
16 director shall abstain.

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

20 1. Whether a substantial threat to the director's independence of judgment  
21 has been created by his or her personal or private interest;

22 2. The effect of the director's participation on public confidence in the  
23 integrity of the corporation and of racing and gaming;

24 3. Whether the director's participation is likely to have any significant  
25 effect on the disposition of the matter;

26 4. The need for the director's particular contribution, such as special  
27 knowledge of the subject matter, to the effective functioning of the

1 corporation; and

2 5. Whether the official decision will affect the director in a manner  
3 differently from the public, or will affect him or her as a member of a  
4 business, profession, occupation, or group to no greater extent generally  
5 than other members of the director's business, profession, occupation, or  
6 group.

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

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

12 (f) A director shall not knowingly receive, directly or indirectly, any interest or  
13 profit arising from the use or loan of corporation funds or funds to be raised  
14 through the corporation.

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

17 (h) A present or former director shall not, within one (1) year following  
18 termination of the director's membership on the board, accept employment,  
19 compensation, or other economic benefit from any person or business that  
20 contracts or does business with the corporation in matters in which he or she  
21 was directly involved during the director's tenure. This provision shall not  
22 prohibit an individual from continuing in the same business, firm, occupation,  
23 or profession in which he or she was involved prior to becoming a director,  
24 provided that, for a period of one (1) year following termination of his or her  
25 position as a director, the director personally refrains from working on any  
26 matter in which the director was directly involved as a director. A director's  
27 involvement in an official decision or other action of the corporation

1           impacting a broad class of persons or entities, and affecting the director to no  
2           greater extent generally than the members of the class, shall not prohibit the  
3           director's employment or engagement as a member of the class for any period  
4           after service as a director.

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

10       (4) The board of directors shall:

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

13           (b) Approve, disapprove, amend, or modify the terms of major procurements  
14           recommended by the president;

15           (c) Determine whether to recommend administrative regulations to carry out and  
16           implement its powers and duties, the operation of the corporation, the conduct  
17           of live horse racing, pari-mutuel wagering, sports wagering, *fantasy contests*,  
18           *fixed-odds wagering*, breed integrity and development, and on and after July  
19           1, 2025, charitable gaming, and any other matters necessary or desirable for  
20           the efficient and effective operation of the corporation or convenience of the  
21           public;

22           (d) Review the performance of the corporation and:

23               1. Advise the president and make recommendations to him or her  
24               regarding operations of the corporation;

25               2. Identify potential improvements in this chapter, the administrative  
26               regulations of the corporation, and the management of the corporation;

27           and

- 1           3. Request from the corporation any information the board determines to  
2           be relevant to its duties; and
- 3           (e) Provide the president with private-sector perspectives on the operation of a  
4           racing and gaming enterprise.
- 5           (5) In all other matters, the board shall advise and make recommendations.
- 6           (6) (a) The initial members of the board shall be the members of the Kentucky Horse  
7           Racing Commission serving as of July 1, 2024. Those members shall continue  
8           to serve as board members of the corporation for two (2) additional years until  
9           July 1, 2026. The initial three (3) board members of the corporation who are  
10          charitable gaming representatives shall be appointed on or after March 27,  
11          2025, to serve until July 1, 2026.
- 12          (b) Any board member vacancy that occurs between July 1, 2024, and July 1,  
13          2026, shall be filled by appointment for the remainder of that time period. An  
14          appointment of the chair or vice chair created by a vacancy between July 1,  
15          2024, and July 1, 2026, shall require confirmation of the appointment by the  
16          Senate as provided in KRS 11.160 and subsection (1) of this section.
- 17          (c) Beginning on July 1, 2026, board members shall be appointed for initial and  
18          regular terms in accordance with this section.
- 19          (7) (a) Members of the board shall receive no compensation for serving on the board,  
20          but shall be reimbursed for travel expenses for attending meetings and  
21          performing other official functions consistent with the reimbursement policy  
22          for state employees established by KRS 45.101 and administrative regulations  
23          promulgated thereunder.
- 24          (b) The vice chair may act in the absence of the chair.
- 25          (c) Before entering upon the discharge of their duties, all members of the board of  
26          directors of the Kentucky Horse Racing and Gaming Corporation shall take  
27          the constitutional oath of office.

- 1 (8) (a) All persons appointed to the corporation shall be of good moral character and  
2 shall not have been convicted of, or under indictment for, a felony in  
3 Kentucky, in any other state, in federal court, or in a foreign country.
- 4 (b) A board member of the corporation, or any family member of a member of  
5 the corporation, at the time of appointment or during the member's tenure on  
6 the corporation, shall not be a member of the legislature, a person holding any  
7 elective office in the state government, or any officer or official of any  
8 political party.
- 9 (9) Each appointed board member of the corporation shall be required to undergo a  
10 national and state criminal background investigation. The criminal background  
11 investigation shall be by means of a fingerprint check by the Department of  
12 Kentucky State Police or equivalent state police body in the member's home state  
13 and the Federal Bureau of Investigation, pursuant to the following requirements:
- 14 (a) The member shall provide his or her fingerprints to the Department of  
15 Kentucky State Police, or equivalent state police body in the member's home  
16 state, for submission to the Federal Bureau of Investigation after a state  
17 criminal background check is conducted;
- 18 (b) The results of the national and state criminal background check shall be sent  
19 to the corporation;
- 20 (c) The corporation shall be prohibited from releasing any criminal history record  
21 information to any private or public entity, or authorizing receipt by such  
22 private or public entity; and
- 23 (d) Any fee charged by the Department of Kentucky State Police or the Federal  
24 Bureau of Investigation shall be an amount no greater than the actual cost of  
25 processing the request and conducting the background check. The corporation  
26 may charge this fee to the member.
- 27 (10) (a) The Governor may remove any board member for misfeasance, malfeasance,

1 or nonfeasance in office.

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

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

8 (d) If a public hearing is timely requested, the hearing shall be held before a  
9 hearing officer appointed by the Governor. The hearing officer shall make  
10 findings of fact and conclusions of law based upon the record of the hearing,  
11 and shall provide the Governor with a recommendation for action. The  
12 Governor's final decision, after recommendation by the hearing officer, may  
13 be appealed to the Circuit Court of the county in which the cause of action  
14 arose.

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

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

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

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

26 (a) Pari-mutuel wagering;

27 (b) Live horse racing;

1 (c) Breed development and integrity;

2 (d) Sports wagering;

3 (e) *Fantasy contests*;

4 *(f) Fixed-odds wagering*;

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

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

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

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

13 (4) The Office of Charitable Gaming shall be responsible for making formal  
14 recommendations to the president on the following matters:

15 (a) Advancement of legal charitable gaming in the Commonwealth;

16 (b) Recommendations to ensure the highest integrity of charitable gaming  
17 activities and that Kentucky advances lawful charitable gaming;

18 (c) Recommending programs and policy changes to ensure the strength and  
19 growth of charitable gaming and the charitable gaming industry; and

20 (d) Monitoring and analyzing charitable organizations and technology needs of  
21 the charitable gaming industry to determine how best to satisfy those needs.

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

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

27 (1) The corporation is vested with jurisdiction and supervision over all live horse

1 racing, pari-mutuel wagering, sports wagering, fantasy contests, fixed-odds  
2 wagering, breed integrity and development, and on and after July 1, 2025,  
3 charitable gaming, except for lottery games authorized under KRS Chapter 154A,  
4 in this Commonwealth and over all associations and all persons on association  
5 grounds and may eject or exclude therefrom or any part thereof, any person,  
6 licensed or unlicensed, whose conduct or reputation is such that the person's  
7 presence on association grounds may, in the opinion of the corporation, negatively  
8 reflect on the honesty and integrity of horse racing, or on sporting events upon  
9 which sports wagers may be placed, or interfere with the orderly conduct of horse  
10 racing or racing at horse race meetings, but no persons shall be excluded or ejected  
11 from association grounds solely on the ground of race, color, creed, national origin,  
12 ancestry, or sex;

13 (2) The corporation is vested with jurisdiction over any person or entity that offers  
14 advance deposit account wagering to Kentucky residents. Any such person or entity  
15 under the jurisdiction of the corporation shall be licensed by the corporation, and  
16 the corporation may impose a license fee not to exceed ten thousand dollars  
17 (\$10,000) annually. The corporation may, by administrative regulation promulgated  
18 in accordance with KRS Chapter 13A, establish conditions and procedures for the  
19 licensing of advance deposit account wagering providers to include but not be  
20 limited to:

21 (a) A fee schedule for applications for licensure; and

22 (b) Reporting requirements to include quarterly reporting on:

23 1. The amount wagered on Kentucky races; and

24 2. The total amount wagered by Kentuckians;

25 (3) The corporation is vested with jurisdiction over any totalizator company that  
26 provides totalizator services to a racing association located in the Commonwealth.  
27 A totalizator company under the jurisdiction of the corporation shall be licensed by

- 1 the corporation, regardless of whether a totalizator company is located in the  
2 Commonwealth or operates from a location or locations outside of the  
3 Commonwealth, and the corporation may impose a license fee on a totalizator  
4 company. The corporation may, by administrative regulation promulgated in  
5 accordance with KRS Chapter 13A, establish conditions and procedures for the  
6 licensing of totalizator companies, and a fee schedule for applications for licensure;
- 7 (4) The corporation is vested with jurisdiction over any manufacturer, wholesaler,  
8 distributor, or vendor of any equine drug, medication, therapeutic substance, or  
9 metabolic derivative which is purchased by or delivered to a licensee or other  
10 person participating in Kentucky horse racing by means of the internet, mail  
11 delivery, in-person delivery, or other means;
- 12 (5) The corporation is vested with jurisdiction over any horse training center or facility  
13 in the Commonwealth that records official timed workouts for publication;
- 14 (6) The corporation may require an applicant for a license under subsection (2) or (3) of  
15 this section to submit to a background check of the applicant, or of any individual  
16 or organization associated with the applicant. An applicant shall be required to  
17 reimburse the corporation for the cost of any background check conducted;
- 18 (7) The corporation, its representatives and employees, may visit, investigate, and have  
19 free access to the office, track, facilities, or other places of business of any licensee,  
20 or any person owning a horse or performing services regulated by this chapter on a  
21 horse registered to participate in a breeders incentive fund under the jurisdiction of  
22 the corporation;
- 23 (8) The corporation may prescribe necessary and reasonable administrative regulations  
24 and conditions under which horse racing at a horse race meeting shall be conducted  
25 in this state and to fix and regulate the minimum amount of purses, stakes, or  
26 awards to be offered for the conduct of any horse race meeting;
- 27 (9) Applications for licenses may be made in the form and manner and contain

- 1 information as required by the corporation through the promulgation of  
2 administrative regulations. Fees for all licenses issued under KRS 230.310 shall be  
3 prescribed by and paid to the corporation;
- 4 (10) The corporation may establish by administrative regulation minimum fees for  
5 jockeys to be effective in the absence of a contract between an employing owner or  
6 trainer and a jockey. The minimum fees shall be no less than those of July 1, 1985;
- 7 (11) The corporation may refuse to issue or renew a license, revoke or suspend a license,  
8 impose probationary conditions on a license, issue a written reprimand or  
9 admonishment, impose fines or penalties, deny purse money, require the forfeiture  
10 of purse money, or any combination thereof with regard to a licensee or other  
11 person participating in Kentucky horse racing for violation of any federal or state  
12 statute, regulation, or steward's or corporation's directive, ruling, or order to  
13 preserve the integrity of Kentucky horse racing or to protect the racing public. The  
14 corporation may, by administrative regulation, establish the criteria for taking the  
15 actions described in this subsection;
- 16 (12) The corporation may issue subpoenas for the attendance of witnesses before it and  
17 for the production of documents, records, papers, books, supplies, devices,  
18 equipment, and all other instrumentalities related to live horse racing, pari-mutuel  
19 wagering, sports wagering, fantasy contests, fixed-odds wagering, breed integrity  
20 and development, and on and after July 1, 2025, charitable gaming, within the  
21 Commonwealth. The corporation may administer oaths to witnesses and require  
22 witnesses to testify under oath whenever, in the judgment of the corporation, it is  
23 necessary to do so for the effectual discharge of its duties;
- 24 (13) The corporation shall have authority to compel any racing association licensed  
25 under this chapter to file with the corporation at the end of its fiscal year, a balance  
26 sheet, showing assets and liabilities, and an earnings statement, together with a list  
27 of its stockholders or other persons holding a beneficial interest in the association;

- 1 (14) The corporation may promulgate administrative regulations establishing safety  
2 standards for jockeys, which shall include the use of rib protection equipment. Rib  
3 protection equipment shall not be included in a jockey's weight;
- 4 (15) (a) The corporation ~~shall~~<sup>may</sup> promulgate administrative regulations in  
5 accordance with KRS Chapter 13A to establish:~~establishing~~
- 6 1. A self-exclusion list for individuals who self-identify as being problem  
7 or compulsive gamblers;
- 8 2. A process for compilation and maintenance of the self-exclusion list;
- 9 3. A process for dissemination of the self-exclusion list; and
- 10 4. A process for notifying the public of the methods an individual may  
11 use to self-identify.
- 12 (b) Self-exclusion information collected by each required licensee~~racin~~  
13 ~~association~~ shall be forwarded to the corporation~~, and the information from~~  
14 ~~the racing associations shall be compiled into a comprehensive list that shall~~  
15 ~~be provided to all racing associations~~.
- 16 (c) Pursuant to KRS 61.878(1)(a), information collected under this subsection  
17 shall be excluded from the application of KRS 61.870 to 61.884;
- 18 (16) (a) The corporation may promulgate administrative regulations to establish  
19 standards for the conduct of sports wagering, including standards for  
20 receiving and paying out wagers, offering sports wagering through a website  
21 or mobile application, maintaining and auditing books and financial records,  
22 securely maintaining records of bets and wagers, integrity requirements for  
23 sports wagering and related data, suitability requirements for providers of  
24 associated equipment, geofence standards for wager placement, designated  
25 areas for sports wagering, surveillance and monitoring systems, and other  
26 reasonable technical criteria related to conducting sports wagering.
- 27 (b) The corporation may promulgate administrative regulations related to age

1 requirements for placing sports wagers, availability of information related to  
2 sports wagers, and licensing requirements, including temporary  
3 authorizations, for service providers, vendors, and suppliers; and

4 (17) (a) On and after July 1, 2025, the corporation is vested with jurisdiction and  
5 supervision over all charitable gaming and may promulgate administrative  
6 regulations to establish standards for the conduct of charitable gaming  
7 consistent with the guidelines established in this chapter and KRS Chapter  
8 238. The corporation may eject or exclude therefrom or any part thereof, any  
9 person, licensed or unlicensed, whose conduct or reputation is such that the  
10 person's presence at a charitable gaming facility may, in the opinion of the  
11 corporation, negatively reflect on the honesty and integrity of charitable  
12 gaming, or interfere with the orderly conduct of charitable gaming at a  
13 charitable gaming facility, but no persons shall be excluded or ejected from a  
14 charitable gaming facility solely on the ground of race, color, creed, national  
15 origin, ancestry, or sex.

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

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

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

27 (1) Any person desiring to conduct horse racing at a horse race meeting within the

1 Commonwealth of Kentucky or to engage in simulcasting and intertrack wagering  
2 as a receiving track during any calendar year shall first apply to the corporation for  
3 a license to do so. The application shall be filed at the corporation's general office  
4 on or before October 1 of the preceding year with respect to applications to conduct  
5 live horse race meetings, and with respect to intertrack wagering dates, and on  
6 forms prescribed by the corporation. The application shall include the following  
7 information:

- 8 (a) The full name and address of the person making application;
- 9 (b) The location of the place, track, or enclosure where the applicant proposes to  
10 conduct horse racing meetings;
- 11 (c) The dates on which the applicant intends to conduct horse racing, which shall  
12 be successive days unless authorized by the corporation;
- 13 (d) The proposed hours of each racing day and the number of races to be  
14 conducted;
- 15 (e) The names and addresses of all principals associated with the applicant or  
16 licensee;
- 17 (f) The type of organizational structure under which the applicant operates, i.e.,  
18 partnership, trust, association, limited liability company, or corporation, and  
19 the address of the principal place of business of the organization;
- 20 (g) Any criminal activities in any jurisdiction for which any individual listed  
21 under paragraphs (a) and (e) has been arrested or indicted and the disposition  
22 of the charges, and any current or on-going criminal investigation of which  
23 any of these individuals is the subject; and
- 24 (h) Any other information that the corporation by administrative regulation deems  
25 relevant and necessary to determine the fitness of the applicant to receive a  
26 license, including fingerprints of any individual listed under paragraphs (a)  
27 and (e), if necessary for proper identification of the individual or a

- 1 determination of suitability to be associated with a licensed racing association.
- 2 (2) An application for association license shall be accompanied by the following  
3 documents:
- 4 (a) For a new license applicant, a financial statement prepared and attested to by a  
5 certified public accountant in accordance with generally accepted accounting  
6 principles, showing the following:
- 7 1. The net worth of the applicant;  
8 2. Any debts or financial obligations owed by the applicant and the persons  
9 to whom owed; and  
10 3. The proposed or current financing structure for the operation and the  
11 sources of financing.
- 12 (b) For a license renewal applicant, an audited financial statement for the prior  
13 year;
- 14 (c) A copy of the applicant's federal and state tax return for the previous year.  
15 Tax returns submitted in accordance with this provision shall be treated as  
16 confidential;
- 17 (d) A statement from the Department of Revenue that there are no delinquent  
18 taxes or other financial obligations owed by the applicant to the state or any of  
19 its agencies or departments;
- 20 (e) A statement from the county treasurer of the county in which the applicant  
21 conducts or proposes to conduct horse racing meetings that there are no  
22 delinquent real or personal property taxes owed by the applicant.
- 23 (3) The completed application shall be signed by the applicant or the chief executive  
24 officer if the applicant is an organization, sworn under oath that the information is  
25 true, accurate, and complete, and the application shall be notarized.
- 26 (4) If there is any change in any information submitted in the application process, the  
27 applicant or licensee shall notify the corporation within thirty (30) days of the

1 change.

2 (5) (a) The corporation shall as soon as practicable, but in no event later than  
3 November 1 in any calendar year, award dates for racing in the  
4 Commonwealth during the next year. In awarding dates, the corporation shall  
5 consider and seek to preserve each track's usual and customary dates, as these  
6 dates are requested. If dates other than the usual and customary dates are  
7 requested, the applicant shall include a statement in its application setting  
8 forth the reasons the requested dates are sought. Dates for the conduct of  
9 intertrack wagering shall be awarded as provided in KRS 230.377. ~~In the  
10 event scheduled racing is canceled by reason of flood, fire, inclement weather,  
11 or other natural disaster or emergency, the corporation may award after  
12 November 1 additional racing dates to make up for those dates canceled.]~~

13 **(b) After November 1, the corporation may authorize additional racing dates or**  
14 **otherwise make adjustments or amendments to the racing dates awarded if**  
15 **doing so is requested by the licensed association, supported by the**  
16 **applicable horsemen's group, deemed to be in the best interest of racing,**  
17 **and, if the change impacts the race dates of another licensed association,**  
18 **only with the affected licensed association's express written consent.**

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

25 (7) As a condition precedent to the issuance of a license, the corporation may require a  
26 surety bond or other surety conditioned upon the payment of all taxes due the  
27 Commonwealth, together with the payment of operating expenses including purses

- 1 and awards to owners of horses participating in races.
- 2 (8) The corporation may impose a fee and may establish, by administrative regulation  
3 promulgated in accordance with KRS Chapter 13A, a fee schedule for association  
4 license applications.
- 5 (9) The corporation may require an applicant for an association license to submit to a  
6 background check of the applicant, or of any principal, individual, or organization  
7 associated with the applicant. The corporation shall not require a background check  
8 for any individual who is a principal as defined in KRS 230.210 but owns stock or  
9 financial interest in the applicant of less than ten percent (10%). An applicant shall  
10 be required to reimburse the corporation for the cost of any background check  
11 conducted.
- 12 (10) Every license issued under this chapter shall specify among other things the name  
13 of the person to whom issued, the address and location of the track where the horse  
14 race meeting to which it relates is to be held or conducted, and the days and hours  
15 of the day when the meeting will be permitted; provided, however, that no track that  
16 is granted overlapping dates for the conduct of a live race meeting with another  
17 horse racing track within a fifty (50) mile radius shall be permitted to have a post  
18 time after 5:30 p.m., prevailing time for overlapping days between July 1 and  
19 September 15, unless agreed to in writing by the tracks affected.
- 20 (11) A license issued under this section is neither transferable nor assignable and shall  
21 not permit the conduct of a horse race meeting at any track not specified therein.  
22 However, if the track specified becomes unsuitable for racing because of flood, fire,  
23 or other catastrophe, the corporation may, upon application, authorize the meeting,  
24 or any remaining portion thereof, to be conducted at any other suitable track  
25 available for that purpose, provided that the owner of the track willingly consents to  
26 the use thereof.
- 27 (12) Horse racing dates may be awarded and licenses issued authorizing horse racing on

1 any day of the year. Horse racing shall be held or conducted only between sunrise  
2 and midnight.

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

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

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

12 (1) (a) Every person not required to be licensed under KRS 230.300 who desires to  
13 participate in horse racing in the Commonwealth as a horse owner, trainer,  
14 jockey, apprentice jockey, agent, stable employee, racing official, association  
15 employee, or employee of a person or concern contracting with the  
16 association to provide a service or commodity and which requires their  
17 presence on association grounds during a race meeting, or veterinarian,  
18 farrier, horse dentist, or supplier of food, tack, medication, or horse feed, or in  
19 any other capacity as the corporation may establish by administrative  
20 regulation, shall first apply to the corporation for a license to participate in the  
21 activity on association grounds during a race meeting. ~~A~~~~No~~ person required  
22 to be licensed by this section ***shall not***~~may~~ participate in any activity  
23 required to be licensed on association grounds during a race meeting without a  
24 valid license therefor.

25 (b) An applicant for a license shall submit to the corporation fingerprints as may  
26 be required and other information necessary and reasonable for processing a  
27 license application. The corporation is authorized to exchange fingerprint data

1 with the Department of Kentucky State Police and the Federal Bureau of  
2 Investigation in order to conduct a criminal history background check of an  
3 applicant.

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

9 (2) (a) Every person who desires to participate in sports wagering in the  
10 Commonwealth working in a licensed facility for sports wagering, directly  
11 supervising individuals who have the capability of affecting the outcome of  
12 sports wagering, or having the capability to affect the outcome of sports  
13 wagering through deployment of code to production for any critical  
14 component of a sports wagering system or the capability to deploy code to  
15 production shall first apply to the corporation for a valid occupational license  
16 to participate in that activity.

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

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

- 1 (3) (a) As used in this subsection:
- 2 1. "Affiliate" means an entity that is owned or controlled in whole or in
- 3 part by the licensee; and
- 4 2. "Beneficial interest" means participation in the proceeds of charitable
- 5 gaming either as a licensee, operator, or charitable recipient of the
- 6 proceeds of the charity or foundation that receives proceeds.
- 7 (b) An association or track that holds a license to conduct racing under this
- 8 chapter, or its affiliate, shall not hold a license to conduct charitable
- 9 gaming under KRS Chapter 238 or have a beneficial interest in the
- 10 proceeds of charitable gaming.
- 11 (c) This subsection shall not prevent an association or track that holds a license
- 12 to conduct racing under this chapter, or its affiliate, from:
- 13 1. Leasing space to a charitable organization or nonprofit organization
- 14 at a commercially reasonable rate; or
- 15 2. Conducting raffles or other special limited charity fundraising events
- 16 as authorized by the corporation.
- 17 (d) Every person who desires to be licensed to participate in charitable gaming
- 18 shall first meet the standards of this chapter and the standards established in
- 19 KRS Chapter 238.
- 20 (e) The corporation may issue a license if it finds that the financial
- 21 responsibility, age, experience, reputation, competence, and general fitness
- 22 of the applicant to perform the activity permitted by a license are consistent
- 23 with the best interest of charitable gaming in the Commonwealth, and the
- 24 maintenance of honesty, integrity, and high quality thereof.
- 25 (4) A license may be issued for the calendar year for which an applicant applies or, if
- 26 authorized by administrative regulation of the corporation, a license may be issued
- 27 that expires on the last day of the birth month of the licensee. A license may be

1 renewed by the corporation. The license shall be valid at all horse race meetings in  
 2 the Commonwealth during the period for which it is issued unless suspended or  
 3 revoked under the administrative regulations promulgated by the corporation under  
 4 this chapter. The occupational license to participate in sports wagering may be  
 5 suspended or revoked pursuant to administrative regulations promulgated by the  
 6 corporation under this chapter. With respect to horse owners and trainers, the  
 7 corporation may promulgate administrative regulations to facilitate and promote  
 8 uniform, reciprocal licensing with other states.

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

10 (1) (a) The corporation may promulgate administrative regulations governing and  
 11 regulating mutuel wagering on horse races under what is known as the pari-  
 12 mutuel system of wagering.

13 (b) The wagering shall be conducted only by a person licensed under this chapter  
 14 to conduct a race meeting and only upon the licensed premises, and provided  
 15 further that only pari-mutuel wagering on simulcasting shall be allowed at  
 16 simulcast facilities.

17 (c) 1. The pari-mutuel system of wagering shall be operated only by a  
 18 totalizator or other mechanical equipment approved by the corporation.  
 19 The corporation shall not require any particular make of equipment.

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

23 a. Accelerate the adoption of technologies to promote and aid in the  
 24 development of the operation of the wagering systems on live  
 25 horse racing;

26 b. Update the totalizator and other mechanical equipment, which  
 27 has been licensed by the corporation, to include commercially

1                                   reasonable access to the betting odds for retail bettors by April 1,  
2                                   2027; and  
3                                   c. At a minimum, update technologies related to the pari-mutuel  
4                                   system of wagering annually.

- 5 (2) The corporation may promulgate administrative regulations governing and  
6 regulating sports wagering, including administrative regulations for the deposit of  
7 funds by credit or debit cards or other means of electronic funds transfer. The  
8 corporation may promulgate administrative regulations to establish a fully  
9 functioning sports wagering system within six (6) months after June 29, 2023.
- 10 (3) The operation of a pari-mutuel system for betting, or the conduct of sports  
11 wagering, fantasy contests, or fixed-odds wagering, where authorized by law shall  
12 not constitute grounds for the revocation or suspension of any license issued and  
13 held under KRS 242.1238 and 243.265.
- 14 (4) Notwithstanding any law to the contrary:
- 15 (a) The corporation may promulgate administrative regulations governing all  
16 reported but unclaimed pari-mutuel winning tickets and unredeemed pari-  
17 mutuel vouchers held in this state by any person or association operating a  
18 pari-mutuel or similar system of betting authorized under this chapter; and
- 19 (b) The unclaimed pari-mutuel winning tickets and unredeemed pari-mutuel  
20 vouchers shall be presumed abandoned if not claimed by the person entitled to  
21 them within one (1) year from the time the ticket was issued.
- 22 (5) The corporation may issue a license to conduct pari-mutuel wagering on steeple  
23 chases or other racing over jumps; if all proceeds from the wagering, after expenses  
24 are deducted, is used for charitable purposes. If the dates requested for such a  
25 license have been granted to a track within a forty (40) mile radius of the race site,  
26 the corporation shall not issue a license until it has received written approval from  
27 the affected track. Pari-mutuel wagering licensed and approved under this

1 subsection shall be limited to four (4) days per year. All racing and wagering  
2 authorized by this subsection shall be conducted in accordance with applicable  
3 administrative regulations promulgated by the corporation.

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

7 **(b) This subsection shall not prevent the pari-mutuel pools and odds from being**  
8 **updated after wagering is disabled to reflect all wagers that were placed up**  
9 **to the moment wagering is disabled.**

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

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

14 (2) Sports wagering shall not be offered in this state except as authorized by this  
15 section and KRS 230.811. A track that holds a license to operate sports wagering  
16 may contract with sports wagering service providers to conduct or manage sports  
17 wagering operations as authorized by this chapter. Sports wagering may be  
18 provided at a licensed facility for sports wagering or online through a website or  
19 mobile application. The licensed facility for sports wagering or a sports wagering  
20 service provider may provide sports wagering through a website or mobile interface  
21 as approved by the corporation. The corporation may provide temporary licenses to  
22 licensed facilities for sports wagering or sports wagering service providers, if the  
23 corporation deems that the information submitted by them is sufficient to determine  
24 the applicant's suitability. The corporation may promulgate administrative  
25 regulations to establish the suitability for temporary and ordinary license  
26 applications for licensed facilities for sports wagering, sports wagering service  
27 providers, and any related parties.

- 1 (3) Sports wagering licensees and service providers that accept wagers online via  
2 websites and mobile applications shall impose the following requirements:
- 3 (a) Prior to placing a wager online via websites or mobile applications operated  
4 by either a sports wagering licensee or a service provider, a patron shall  
5 register the patron's sports wagering account with the operating sports  
6 wagering licensee or service provider either in person at a licensed facility for  
7 sports wagering or remotely through the service provider's website or mobile  
8 application;
- 9 (b) 1. The registration process shall include attestation that the patron meets  
10 the requirements to place a wager with a sports wagering licensee or  
11 service provider in this state.
- 12 2. Prior to verification of a patron's identity, a sports wagering licensee or  
13 service provider shall not allow the patron to engage in sports wagering,  
14 make a deposit, or process a withdrawal via the patron's sports wagering  
15 account.
- 16 3. A sports wagering licensee or service provider shall implement  
17 commercially and technologically reasonable procedures to prevent  
18 access to sports wagering by any person under the age of twenty-one  
19 ~~(21)~~~~eighteen (18)~~;
- 20 a. At a licensed facility; and  
21 b. Online via website or mobile application.
- 22 4. A sports wagering licensee or service provider may use information  
23 obtained from third parties to verify that a person is authorized to open  
24 an account, place wagers, and make deposits and withdrawals;
- 25 (c) A sports wagering licensee or service provider shall adopt an account  
26 registration policy to ensure that all patrons are authorized to place a wager  
27 with a sports wagering licensee or service provider within the Commonwealth

1 of Kentucky. This policy shall include, without limitation, a mechanism by  
2 which to:

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

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

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

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

23 (g) A sports wagering licensee or service provider shall utilize geolocation or  
24 geofencing technology to ensure that wagers are only accepted from patrons  
25 who are physically located in the Commonwealth. A sports wagering licensee  
26 or service provider shall maintain in this state its servers used to transmit  
27 information for purposes of accepting or paying out wagers on a sporting

1 event placed by patrons in this state;

2 (h) A patron may fund the patron's account using any acceptable form of payment  
3 or advance deposit method, which shall include the use of cash, cash  
4 equivalents, credit cards, debit cards, automated clearing house, other  
5 electronic methods, and any other form of payment authorized by the  
6 corporation; and

7 (i) The corporation may enter into agreements with other jurisdictions or entities  
8 to facilitate, administer, and regulate multijurisdictional sports betting by  
9 sports betting operators to the extent that entering into the agreement is  
10 consistent with state and federal laws and the sports betting agreement is  
11 conducted only in the United States.

12 (4) A track may contract with no more than three (3) service providers at a time to  
13 conduct and manage services and technology which support the operation of sports  
14 betting both on the track and online via websites and mobile applications. The  
15 website or mobile application used to offer sports betting shall be offered only  
16 under the same brand as the track or that of the service provider contracted with the  
17 track, or both.

18 (5) (a) A track or service provider through an agreement with a licensed track shall  
19 not offer sports wagering until the corporation has issued a sports wagering  
20 license to the track, except for temporary licenses authorized under KRS  
21 230.814.

22 (b) A track or association, or service provider through an agreement with a  
23 licensed track, shall not offer fixed-odds wagering until the corporation has  
24 issued a supplemental fixed-odds wagering license to the track.

25 (6) (a) A track licensed under KRS 230.811 may offer sports wagering at a facility  
26 that meets the definition of "track" in KRS 230.210.

27 (b) A simulcast facility may offer sports wagering through an agreement with a

1 track by using any of that track's already established service providers.

2 (7) (a) As used in this subsection, "minimum bet limit":

3 1. Means the amount a bettor can win, not how much can be staked or  
4 collected; and

5 2. Includes that the minimum bet limit must be accepted by bookmakers  
6 on all fixed-odds wagers.

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

9 (c) A track or association or service provider licensed under this chapter shall  
10 have a mandatory minimum bet limit of at least one thousand dollars  
11 (\$1,000) per race.

12 (d) The betting menu shall be determined by the host track.

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

15 (b) A sports wagering licensee or service provider shall not offer or accept any  
16 proposition bets on an individual performance statistic on athletes  
17 participating in collegiate sporting events for a collegiate team located in  
18 Kentucky if the successful outcome of the wager is contingent upon the  
19 athlete failing to meet a specified statistical threshold or experiencing a  
20 negative performance outcome.

21 (9) (a) As used in this subsection and subsection (10) of this section:

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

24 2. "Beneficial interest" means participation in the proceeds of prediction  
25 markets or events contracts either as a licensee or operator of the  
26 proceeds or an entity that receives prediction market or events  
27 contracts proceeds in any capacity.

1       **(b) A track or association that holds a license to conduct horse racing, sports**  
2       **wagering, or a licensee offering fantasy contests under this chapter or its**  
3       **affiliate shall not participate in or contract with platforms that offer events**  
4       **contracts through a prediction market in the Commonwealth of Kentucky or**  
5       **have a beneficial interest in the proceeds of prediction markets in the**  
6       **Commonwealth of Kentucky.**

7       **(c) A track or association licensed to conduct horse racing, sports wagering, or**  
8       **a licensee offering fantasy contests under this chapter or its affiliate or an**  
9       **entity in which it has a beneficial interest shall not contract with a service**  
10       **provider that:**

11       **1. Offers events contracts through a prediction market in the**  
12       **Commonwealth of Kentucky; or**

13       **2. Owns, rents, licenses, advertises, operates, is partnered or affiliated**  
14       **with, or has a beneficial interest in, an entity that makes available to**  
15       **its users in any form a prediction market in the Commonwealth of**  
16       **Kentucky.**

17       **(10) (a) On and after July 1, 2027, a track or association that holds a license to**  
18       **conduct horse racing, sports wagering, or a licensee offering fantasy**  
19       **contests under this chapter or its affiliate shall not participate in or contract**  
20       **with platforms that offer events contracts through a prediction market or**  
21       **have a beneficial interest in the proceeds of prediction markets.**

22       **(b) On and after July 1, 2027, a track or association licensed to conduct horse**  
23       **racing, sports wagering, or a licensee offering fantasy contests under this**  
24       **chapter or its affiliate or an entity in which it has a beneficial interest shall**  
25       **not contract with a service provider that:**

26       **1. Offers events contracts through a prediction market; or**

27       **2. Owns, rents, licenses, advertises, operates, is partnered or affiliated**

1 with, or has a beneficial interest in, an entity that makes available to  
 2 its users in any form a prediction market.

3 (11) Notwithstanding subsections (9) and (10) of this section, this chapter shall not  
 4 prohibit the corporation or the Department of Revenue from promulgating  
 5 administrative regulations in accordance with KRS Chapter 13A to regulate the  
 6 conduct or activity of prediction markets in the Commonwealth in accordance  
 7 with applicable federal law.

8 (12) If a track or association holds two (2) or more licenses, only the specific license  
 9 or licensee for which the track or association has violated the terms shall be  
 10 subject to suspension or revocation or the applicable penalties.

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

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

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

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

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

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

1 random;

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

4 (5) "Card-minding device" means any mechanical, electronic, electromechanical, or  
5 computerized device that is interfaced with or connected to equipment used to  
6 conduct a game of bingo and that allows a player to store, display, and mark a bingo  
7 card face. A card-minding device shall not be designed and manufactured to  
8 resemble any electronic gaming device that utilizes a video display monitor, such as  
9 a video lottery terminal, video slot machine, video poker machine, or any similar  
10 video gaming device;

11 (6) (a) "Chairperson" means:

12 1. The chief executive officer and any officer, member, or employee of a  
13 licensed charitable organization; or

14 2. *An employee of the premises upon which the charitable gaming is*  
15 *conducted that is twenty-one (21) years of age or older, has completed*  
16 *training prescribed by the office, and has completed the required*  
17 *background checks;*

18 who will be involved in the management and supervision of charitable gaming  
19 as designated in the organization's charitable gaming license application under  
20 KRS 238.535(13)(g).

21 (b) *Training prescribed by the office in paragraph (a) of this subsection and the*  
22 *federal background check required in Section 29 of this Act shall not be in*  
23 *effect until July 1, 2027;*

24 (7) "Charitable gaming" means bingo, charity game tickets, raffles, and charity  
25 fundraising events conducted for fundraising purposes by charitable organizations  
26 licensed and regulated under the provisions of this chapter. "Charitable gaming"  
27 shall not include slot machines, electronic video gaming devices, wagering on live

- 1 sporting events, or simulcast broadcasts of horse races;
- 2 (8) "Charitable gaming facility" means *a person, including a licensed charitable*  
3 *organization, that owns or is a lessee of premises which are leased or otherwise*  
4 *made available to two (2) or more licensed charitable organizations, other than*  
5 *itself, during a one (1) year period for the conduct of charitable gaming*~~the~~  
6 ~~premises on which charitable gaming is conducted~~];
- 7 (9) "Charitable gaming supplies and equipment" means any material, device, apparatus,  
8 or paraphernalia customarily used in the conduct of charitable gaming, including  
9 bingo cards and paper, charity game tickets, and other apparatus or paraphernalia  
10 used in conducting games of chance at charity fundraising events subject to  
11 regulation under this chapter. The term shall not include any material, device,  
12 apparatus, or paraphernalia incidental to the game, such as pencils, daubers, playing  
13 cards, or other supplies that may be purchased from normal sources of supply;
- 14 (10) "Charitable organization" means a nonprofit entity organized for charitable,  
15 religious, educational, literary, civic, fraternal, or patriotic purposes;
- 16 (11) "Charity fundraising event" means an activity of limited duration at which games of  
17 chance approved by the corporation are conducted, including bingo, raffles, charity  
18 game tickets, special limited charitable games, and wagering on prerecorded horse  
19 races, KRS Chapter 230 notwithstanding. Examples of such activities include  
20 events that attract patrons for community, social, and entertainment purposes apart  
21 from charitable gaming, such as fairs, festivals, carnivals, licensed charitable  
22 gaming organization conventions, bazaars, and banquets. For the purposes of this  
23 subsection, "banquet" shall mean a formal meal or feast held by a charitable  
24 organization for community, social, or entertainment purposes apart from charitable  
25 gaming;
- 26 (12) "Charity game ticket" means a game of chance using a folded or banded paper  
27 ticket, or a paper card with perforated break-open tabs, or electronic pulltab device

1 representations thereof, the face of which is covered or otherwise hidden from view  
2 to conceal a number, letter, symbol, or set of numbers, letters, or symbols, some of  
3 which have been designated in advance as prize winners and shall include charity  
4 game tickets that utilize a seal card. "Charity game ticket" shall include pulltabs,  
5 both paper and electronic representations thereof;

6 (13) "Corporation" means the Kentucky Horse Racing and Gaming Corporation;

7 (14) "Distributor" means a person who sells, markets, leases, or otherwise furnishes to a  
8 charitable organization charitable gaming equipment or supplies, or both, used in  
9 the conduct of charitable gaming. "Distributor" shall not include:

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

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

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

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

- 1 (17) "Electronic video gaming device," as used in this chapter and the related  
2 administrative regulations, means any device that possesses a video display and  
3 computer mechanism for playing a game. Electronic video gaming device shall not  
4 mean any electronic representation of charitable gaming games identified, defined,  
5 and approved by statute and by administrative regulation of the corporation;
- 6 (18) "Gross receipts" means all moneys collected or received from the conduct of  
7 charitable gaming;
- 8 (19) "Immediate family" means:  
9 (a) Spouse and parents-in-law;  
10 (b) Parents and grandparents;  
11 (c) Children and their spouses; and  
12 (d) Siblings and their spouses;
- 13 (20) "Manufacturer" means a person who assembles from raw materials or subparts any  
14 charitable gaming equipment or supplies used in the conduct of charitable gaming,  
15 including a person who converts, modifies, and adds to or removes parts from,  
16 charitable gaming equipment and supplies. The term shall not include:  
17 (a) Any person who services or repairs charitable gaming supplies and  
18 equipment, so long as that person replaces or repairs an incidental,  
19 malfunctioning, or nonfunctioning part with a similar or identical part; and  
20 (b) Any distributor who cuts, collates, and packages for distribution any gaming  
21 supplies and equipment purchased in bulk;
- 22 (21) "Net receipts" means adjusted gross receipts from the conduct of charitable  
23 gaming less all expenses, charges, fees, and deductions authorized under this  
24 chapter;
- 25 (22) "Office" means the office regulating charitable gaming within the Kentucky Horse  
26 Racing and Gaming Corporation established by the president under KRS Chapter  
27 230;

- 1 (23) "President" means the president of the Kentucky Horse Racing and Gaming  
2 Corporation;
- 3 (24) "Raffle" means a game of chance in which a participant is required to purchase a  
4 ticket for a chance to win a prize, with the winner to be determined by a random  
5 drawing;
- 6 (25) "Seal card" means a board or placard used in conjunction with charity game tickets,  
7 that contains a seal or seals which, when removed or opened, reveal predesignated  
8 winning numbers, letters, or symbols;
- 9 (26) "Session" or "bingo session" means a single gathering at which a bingo game or  
10 series of successive bingo games are played, excluding bingo played at a charity  
11 fundraising event;
- 12 (27) "Special limited charitable game" means roulette; blackjack; poker; keno; money  
13 wheel; baccarat; pusher-type games; any dice game where the player competes  
14 against the house; and any other game of chance as identified, defined, and  
15 approved by administrative regulation of the corporation;
- 16 (28) "Special limited charity fundraising event" means any type of charity fundraising  
17 event, commonly known as and operated as a "casino night," "Las Vegas night," or  
18 "Monte Carlo night," at which the predominant number or types of games offered  
19 for play are special limited charitable games; and
- 20 (29) "Year" means calendar year except as used in KRS 238.535(11), 238.545(4),  
21 238.547(1), and 238.555(7), when "year" means the licensee's license year.

22 ➔Section 27. KRS 238.510 is amended to read as follows:

- 23 (1) The Office of Charitable Gaming is created as an office within the Kentucky Horse  
24 Racing and Gaming Corporation. Subject to the authority of the corporation, the  
25 office shall license and regulate the conduct of charitable gaming and license and  
26 regulate charitable organizations that desire to engage in charitable gaming,  
27 charitable gaming facilities, manufacturers, and distributors in the Commonwealth

1 of Kentucky in accordance with the provisions of this chapter.

2 (2) The president shall employ necessary staff to administer and enforce the provisions  
3 of this chapter.

4 (3) No employee of the corporation during his or her term of employment shall be an  
5 officer in a charitable organization that is licensed to conduct charitable gaming or  
6 be involved in the conduct of charitable gaming as a member of a licensed  
7 charitable organization. No employee of the corporation during his or her term of  
8 employment shall be licensed as a manufacturer, distributor, or charitable gaming  
9 facility, or have a financial interest in any business that is licensed as a  
10 manufacturer, distributor, or charitable gaming facility.

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

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

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

20 1. Unlicensed and illegal gaming;

21 2. Gambling offenses committed on licensed premises; and

22 3. Gambling offenses committed in conjunction with a legal gaming  
23 activity;

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

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

- 1 (e) Violations relating to the damage or destruction of real or personal property  
 2 owned or leased by a licensee; and
- 3 (f) Violation of any criminal felony offense committed:
- 4 1. On licensed gaming premises; and
- 5 2. In the presence of an investigator.

6 (5) **Horse racing and** gaming investigators may satisfy the certification standards  
 7 established by the Department of Criminal Justice Training pursuant to KRS  
 8 Chapter 15, but this certification shall not be required for any investigators hired  
 9 after July 1, 2025. **Horse racing and** gaming investigators shall not qualify for  
 10 hazardous duty coverage under the Kentucky Employees Retirement System.†

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

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

14 **Charitable gaming shall not be conducted in the Commonwealth except as authorized**  
 15 **by this chapter and KRS Chapter 230.** The office shall license and regulate the conduct  
 16 of charitable gaming in the Commonwealth of Kentucky as authorized by the  
 17 corporation. The president may integrate office responsibilities into other corporation  
 18 offices to ensure efficiencies and eliminate duplication of duties. Office powers and  
 19 duties include:

- 20 (1) Licensing charitable organizations, charitable gaming facilities, manufacturers, and  
 21 distributors that desire to engage in charitable gaming;
- 22 (2) **Refusing to issue or renew a license for cause, revoking or suspending a license,**  
 23 **imposing probationary conditions on a license, issuing a written reprimand or**  
 24 **admonishment or notice of violation, and imposing fines and penalties, or any**  
 25 **combination thereof with regard to a licensee or other person participating in**  
 26 **charitable gaming in Kentucky for violation of any federal or state statute or**  
 27 **administrative regulation, or office directive, ruling, or order to preserve the**

1 *integrity of charitable gaming in Kentucky or to protect the public from direct*  
2 *harm;*

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

5 ~~**(4)**~~~~**(3)**~~ Prescribing reasonable fees for licenses *that do not exceed amounts*  
6 *established in this chapter;*

7 ~~**(5)**~~~~**(4)**~~ Establishing standards of accounting, recordkeeping, and reporting to insure  
8 charitable gaming receipts are properly accounted for;

9 ~~**(6)**~~~~**(5)**~~ Establishing a process for reviewing complaints and allegations of  
10 wrongdoing, and for investigating complaints with merit. In furtherance of this  
11 duty, the office may issue administrative subpoenas and summonses. The office  
12 shall also establish toll-free telephone service *or an electronic method* for receiving  
13 complaints and inquiries;

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

16 ~~**(8)**~~~~**(6)**~~ Taking appropriate disciplinary action, subject to the final order of the  
17 corporation, and making referrals for criminal prosecution of persons who do not  
18 operate in compliance with this chapter;

19 ~~**(9)**~~~~**(7)**~~ Collecting and depositing all fees and fines in the charitable gaming  
20 regulatory account to be administered by the corporation; and

21 ~~**(10)**~~~~**(8)**~~ Proposing administrative regulations *in accordance with KRS Chapter 13A*  
22 which are necessary to carry out the purposes and intent of this chapter. In  
23 proposing administrative regulations under this subsection, the office shall submit  
24 any proposed regulations to the Kentucky Horse Racing and Gaming Corporation.

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

26 (1) Licenses shall be issued by the office on an annual basis, except as otherwise  
27 permitted in KRS 238.530 and 238.545. A license term may be determined by the

1 office in any manner it deems appropriate to facilitate efficient licensing. The office  
2 shall charge a licensing and renewal fee not to exceed the maximum amounts  
3 established in KRS 238.530, 238.535, and 238.555.

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

9 (3) An applicant for any license to be issued under KRS 238.530 and 238.555 and  
10 Section 31 of this Act shall be subjected to a state and national criminal history  
11 background check by the office, with the assistance of the Department of Kentucky  
12 State Police and the Federal Bureau of Investigation. An applicant for any license to  
13 be issued under KRS 238.535 shall be subjected to a state criminal history  
14 background check and may, if deemed reasonably necessary, be subjected to a  
15 national criminal history background check by the office with the assistance of the  
16 Department of Kentucky State Police and the Federal Bureau of Investigation.

17 (4) The criminal history background check shall apply to:

18 (a) The chief executive officer and the chief financial officer or director of an  
19 applicant;

20 (b) Any employee or member of an applicant who has been designated as  
21 chairperson of the charitable gaming activity;

22 (c) The applicant itself; ~~and~~

23 (d) Any individual with a ten percent (10%) or more financial interest in the  
24 applicant; and

25 (e) Any other person associated with the applicant the corporation determines  
26 necessary to ensure the general fitness of the applicant to perform the  
27 activity permitted by the license.

1 (5) *(a)* The office shall require the fingerprinting of all applicants for licensure under  
2 KRS 238.530 and 238.555 and may require, if deemed reasonably necessary,  
3 the fingerprints of all applicants for licensure under KRS 238.535, who are  
4 natural persons in connection with the national criminal history background  
5 check to assure the identity of the applicant or applicants.

6 (b) The office may charge a reasonable fee not to exceed the actual cost of  
7 fingerprinting and records searching.

8 ~~(6)~~~~(4)~~ No applicant shall be licensed and no license holder shall be able to maintain  
9 a license if an individual associated with the applicant or license holder in a  
10 capacity listed in subsection ~~(4)~~~~(3)~~ of this section, or ***an individual required by***  
11 ***the corporation to undergo a background check pursuant to subsections (3) and***  
12 ***(4) of this section, or*** the applicant or license holder itself has been convicted of a  
13 felony, gambling offense, criminal fraud, forgery, theft, falsifying business records,  
14 violation of KRS 238.995(7), ***any crime where dishonesty is a necessary element,***  
15 ***any crime of moral turpitude,*** or any two (2) misdemeanor crimes in federal court  
16 or the courts of any state, the District of Columbia, or any territory, consistent with  
17 the provisions of KRS Chapter 335B within ten (10) years preceding the application  
18 for licensure.

19 ~~(7)~~~~(5)~~ No applicant shall be licensed unless all applicants required to be  
20 fingerprinted under ***subsections***~~[the provision of subsection]~~ (3) ***and (4)*** of this  
21 section have been fingerprinted. The Department of Kentucky State Police may  
22 submit fingerprints of any applicant to the Federal Bureau of Investigation for the  
23 national criminal history background check. The corporation may by administrative  
24 regulation impose additional qualifications to meet the requirements of Pub. L. No.  
25 92-544.

26 ~~(8)~~~~(6)~~ If a change occurs in any information submitted during the license application  
27 process, the applicant or licensee shall notify the office in writing within thirty (30)

1 days of the date the change occurred.

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

- 3 (1) ~~A~~~~No~~ person shall **not** sell, offer to sell, rent, lease, or otherwise furnish charitable  
4 gaming supplies or equipment unless the person is licensed by the office as a  
5 distributor. The office shall charge a license fee not to exceed **five thousand dollars**  
6 **(\$5,000)**~~one thousand dollars (\$1,000)~~.
- 7 (2) ~~A~~~~No~~ person shall **not** sell, offer to sell, rent, lease, or otherwise furnish charitable  
8 gaming supplies and equipment unless the person is licensed by the office as a  
9 manufacturer. The office shall charge a license fee not to exceed **five thousand**  
10 **dollars (\$5,000)**~~one thousand dollars (\$1,000)~~.
- 11 (3) ~~A~~~~No~~ person who is licensed as a charitable organization, and ~~an~~~~no~~ owner,  
12 officer, employee, or member of the immediate family of an owner, officer, or  
13 employee of a licensed charitable gaming facility shall **not** be eligible for licensure  
14 as a distributor or manufacturer. ~~An~~~~No~~ affiliate of an owner, officer, or employee,  
15 or member of the immediate family of an owner, officer, or employee of a licensed  
16 charitable gaming facility shall **not** be licensed as a distributor or manufacturer.  
17 ~~A~~~~No~~ person who is a licensed wholesaler or distributor of alcoholic beverages  
18 shall **not** be licensed as a distributor or manufacturer. ~~A~~~~No~~ person who is licensed  
19 as a distributor shall **not** be licensed as a manufacturer, and ~~a~~~~no~~ person licensed as  
20 a manufacturer shall **not** be licensed as a distributor.
- 21 (4) An applicant for a license as a manufacturer or distributor shall apply for license on  
22 forms provided by the office and shall submit as part of the application process the  
23 following:
- 24 (a) The full name, address, date of birth, and Social Security number of the  
25 applicant;
- 26 (b) If the applicant is a corporation or other business entity, the names, addresses,  
27 dates of birth, and Social Security numbers of all officers and management

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

1 office.

2 (7) A licensed manufacturer shall not sell charitable gaming supplies and equipment to  
3 any person not licensed as a distributor in the Commonwealth of Kentucky.

4 (8) A licensed distributor shall not sell charitable gaming supplies and equipment to  
5 any person not licensed as a distributor or a charitable organization in the  
6 Commonwealth of Kentucky, unless the organization is exempted from licensure  
7 under the provisions of this chapter.

8 (9) A licensed distributor shall not purchase charitable gaming supplies and equipment  
9 from any person not licensed as a manufacturer or distributor in the Commonwealth  
10 of Kentucky.

11 (10) ~~An~~<sup>No</sup> officer, owner, employee, or contractee of a licensed distributor or licensed  
12 manufacturer or their affiliates and ~~a~~<sup>no</sup> member of the immediate family of an  
13 owner, officer, employee, or contractee of a licensed distributor or licensed  
14 manufacturer or their affiliates, shall ***not***, with respect to a licensed charitable  
15 organization:

16 (a) Manage or otherwise be involved in the conduct of charitable gaming;

17 (b) Provide bookkeeping or other accounting services related to the conduct of  
18 charitable gaming;

19 (c) Handle any moneys generated in the conduct of charitable gaming;

20 (d) Advise a licensed charitable organization on the expenditure of net receipts;

21 (e) Provide transportation services in any manner to patrons of a charitable  
22 gaming activity;

23 (f) Provide advertisement or marketing services in any manner to a licensed  
24 charitable organization;

25 (g) Provide, coordinate, or solicit the services of personnel or volunteers in any  
26 manner;

27 (h) Provide training or consulting on the conduct of charitable gaming, except in

1 connection with the use of its own equipment or supplies;

2 (i) Store its charitable gaming equipment or supplies in or on the premises of a  
3 licensed charitable gaming facility; or

4 (j) Donate or give any prize to be awarded in the conduct of charitable gaming.

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

6 (1) Any charitable organization conducting charitable gaming in the Commonwealth of  
7 Kentucky shall be licensed by the corporation. A charitable organization qualifying  
8 under subsection (12) of this section but not exceeding the limitations provided in  
9 this subsection shall be exempt from the licensure requirements when conducting  
10 the following charitable gaming activities:

11 (a) Bingo in which the gross receipts do not exceed a total of twenty-five  
12 thousand dollars (\$25,000) per year;

13 (b) A raffle or raffles for which the gross receipts do not exceed twenty-five  
14 thousand dollars (\$25,000) per year; and

15 (c) A charity fundraising event or events that do not involve special limited  
16 charitable games and the gross gaming receipts for which do not exceed  
17 twenty-five thousand dollars (\$25,000) per year.

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

20 (2) (a) Any charitable organization exempt from the process of applying for a license  
21 under subsection (1) of this section, shall notify the office in writing, on a  
22 simple form issued by the office, of its intent to engage in exempt charitable  
23 gaming and the address at which the gaming is to occur. Any charitable  
24 organization exempt from the process of applying for a license under  
25 subsection (1) of this section consents to the jurisdiction of the corporation  
26 and shall comply with all other provisions of this chapter relating to the  
27 conduct of charitable gaming, except:

- 1           1.    Payment of the fee imposed under the provisions of KRS 238.570; and
- 2           2.    The quarterly reporting requirements imposed under the provisions of
- 3                 KRS 238.550(7), unless the exempt charitable organization obtains a
- 4                 retroactive license pursuant to subsection (9) of this section.
- 5           (b)   Before January 31 of the year immediately following the year of exemption, a
- 6                 charitable organization exempt from licensure under the provisions of
- 7                 subsection (1) of this section shall file a financial report with the office, on a
- 8                 form issued by the office, that contains the following information:
- 9                 1.    The type of gaming activity in which it engaged during that year;
- 10                2.    The total gross receipts derived from gaming;
- 11                3.    The amount of charitable gaming expenses paid;
- 12                4.    The amount of net receipts derived; and
- 13                5.    The disposition of those net receipts.
- 14           (3)   An exemption that has been granted to a charitable organization for the preceding
- 15                 calendar year shall be automatically renewed on January 1 of the following year.
- 16           (4)   If upon receipt of the financial report the office determines that the information
- 17                 appearing on the financial report renders the charitable organization ineligible to
- 18                 possess an exemption, the office shall notify the charitable organization that its
- 19                 exemption is rescinded. The organization may request an appeal of this rescission
- 20                 pursuant to KRS 238.565.
- 21           (5)   If the annual financial report is not received by January 31, the exemption is
- 22                 automatically rescinded unless an extension of no more than thirty (30) days is
- 23                 granted by the office. The organization may request an appeal of this rescission
- 24                 pursuant to KRS 238.565.
- 25           (6)   If an exemption is revoked because an organization has exceeded the limit imposed
- 26                 in subsection (1) of this section, the organization shall apply for a retroactive
- 27                 license in accordance with subsection (7) of this section.

- 1 (7) If an organization exceeds the limit imposed by any subsection of this section it  
2 shall:
- 3 (a) Report the amount to the office; and  
4 (b) Apply for a retroactive charitable gaming license.
- 5 (8) Upon receipt of a report and application for a retroactive charitable gaming license,  
6 the office shall investigate to determine if the organization is otherwise qualified to  
7 hold the license.
- 8 (9) If the office determines that the applicant is qualified, it shall issue a charitable  
9 gaming license retroactive to the date on which the exemption limit was exceeded.  
10 The retroactive charitable gaming license shall be issued in the same manner as  
11 regular charitable gaming licenses.
- 12 (10) If the office determines that the applicant is not qualified it shall deny the license  
13 and take enforcement action, if appropriate.
- 14 (11) Once a retroactive or regular gaming license is issued to an organization, that  
15 organization shall not be eligible for exempt status in the future and shall maintain a  
16 charitable gaming license if it intends to continue charitable gaming activities,  
17 unless the charitable organization has not exceeded the exemption limitations of  
18 subsection (1) of this section for a period of two (2) years prior to its exemption  
19 request.
- 20 (12) (a) In order to qualify for licensure, a charitable organization shall:
- 21 1. a. Possess a tax exempt status under 26 U.S.C. secs. 501(c)(3),  
22 501(c)(4), 501(c)(8), 501(c)(10), or 501(c)(19), or be covered  
23 under a group ruling issued by the Internal Revenue Service under  
24 authority of those sections; or
- 25 b. Be organized within the Commonwealth of Kentucky as a local  
26 school district, as a common school as defined in KRS 158.030, as  
27 an institution of higher education as defined in KRS 164A.305, or

1 as a state college or university as provided for in KRS 164.290. A  
2 common school, a program or organization affiliated with a  
3 common school, or any combination of common schools and  
4 programs affiliated with common schools located within a local  
5 school district may conduct charitable gaming under the local  
6 school district's charitable gaming license;

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

20 a. Been actively engaged in charitable activities and has made  
21 reasonable progress, as defined in subparagraph 3. of this  
22 paragraph, in the conduct of charitable activities or the expenditure  
23 of funds within Kentucky for a period of three (3) years prior to  
24 application for licensure; and

25 b. Operated for charitable purposes from an office or place of  
26 business in the Kentucky county where it proposes to conduct  
27 charitable gaming for at least one (1) year prior to application for

1                   licensure, in accordance with subparagraph 4. of this paragraph  
2                   and paragraph (c) of this subsection;

3           3.   Have been actively engaged in charitable activities during the three (3)  
4           years immediately prior to application for licensure and be able to  
5           demonstrate, to the satisfaction of the office, reasonable progress in  
6           accomplishing its charitable purposes during this period. As used in this  
7           paragraph, "reasonable progress in accomplishing its charitable  
8           purposes" means the regular and uninterrupted conduct of activities  
9           within the Commonwealth or the expenditure of funds within the  
10          Commonwealth to accomplish relief of poverty, advancement of  
11          education, protection of health, relief from disease, relief from suffering  
12          or distress, protection of the environment, conservation of wildlife,  
13          advancement of civic, governmental, or municipal purposes, or  
14          advancement of those purposes delineated in KRS 238.505(10). In order  
15          to demonstrate reasonable progress in accomplishing its charitable  
16          purposes when applying to renew an existing license, a licensed  
17          charitable organization shall additionally provide to the office a detailed  
18          accounting regarding its expenditure of charitable gaming net receipts  
19          for the purposes described in this paragraph;~~and~~

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

27          **5.   Comply with administrative regulations imposed by the corporation in**

1                   accordance with KRS Chapter 13A.

2           (b) 1. A charitable organization that has established and maintained an office  
3                   or place of business in the county for a period of at least one (1) year  
4                   may hold a raffle drawing or a charity fundraising event, including  
5                   special limited charity fundraising events, in a Kentucky county other  
6                   than that in which the organization's office or place of business is  
7                   located.

8           2. For raffles, the organization shall notify the Office of Charitable  
9                   Gaming in writing of the organization's intent to change the drawing's  
10                  location at least thirty (30) days before the drawing takes place. This  
11                  written notification:

12                  a. May be transmitted in any commercially reasonable means,  
13                          authorized by the office, including facsimile and electronic mail;  
14                          and

15                  b. Shall set out the place and the county in which the drawing will  
16                          take place.

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

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

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

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

- 1 (b) The date of the charitable organization's establishment in the Commonwealth  
2 of Kentucky and the date of establishment in the county or counties in which  
3 charitable gaming is to be conducted;
- 4 (c) A statement of the charitable purpose or purposes for which the organization  
5 was organized. If the charitable organization is incorporated, a copy of the  
6 articles of incorporation shall satisfy this requirement;
- 7 (d) A statement explaining the organizational structure and management of the  
8 organization. For incorporated entities, a copy of the organizations' bylaws  
9 shall satisfy this requirement;
- 10 (e) A detailed accounting of the charitable activities in which the charitable  
11 organization has been engaged for the three (3) years preceding application  
12 for licensure;
- 13 (f) The names, addresses, dates of birth, and Social Security numbers of all  
14 officers of the organization;
- 15 (g) The names, addresses, dates of birth, *employment information if applicable,*  
16 and Social Security numbers of all employees and members of the charitable  
17 organization who will be involved in the management and supervision of  
18 charitable gaming. No fewer than two (2) employees or members of the  
19 charitable organization who are involved in the management and supervision  
20 of charitable gaming, along with the chief executive officer or the director of  
21 the applicant organization, shall be designated as chairpersons;
- 22 (h) The address of the location at which charitable gaming will be conducted and  
23 the name and address of the owner of the property, if it is owned by a person  
24 other than the charitable organization;
- 25 (i) A copy of the letter or other legal document issued by the Internal Revenue  
26 Service to grant tax-exempt status;
- 27 (j) A statement signed by the presiding or other responsible officer of the

1 charitable organization attesting that the information submitted in the  
2 application is true and correct and that the organization agrees to comply with  
3 all applicable laws and administrative regulations regarding charitable  
4 gaming;

5 (k) An agreement that the charitable organization's records may be released by  
6 the Federal Internal Revenue Service to the office; and

7 (l) Any other information the office deems appropriate.

8 (14) (a) 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 gross receipts do not exceed five hundred dollars (\$500);
- 11 2. All proceeds from the raffle are distributed to a charitable organization;
- 12 and
- 13 3. The organization or group of individuals holds no more than three (3)
- 14 raffles each year;

15 and shall be exempt from complying with the notification, application, and  
16 reporting requirements of subsections (2) and (13) of this section.

17 (b) An organization or a group of individuals that does not meet the licensing  
18 requirements of subsection (12) of this section may hold a raffle if:

- 19 1. The organization holds a special event raffle license issued by the office  
20 and complies with the regulatory requirements in this chapter, including  
21 but not limited to the quarterly reporting requirements of KRS  
22 238.550(7), the retention requirements of KRS 238.536, and payment of  
23 the fee imposed by KRS 238.570;
- 24 2. The organization possesses a tax-exempt status under 26 U.S.C. sec.  
25 501(c)(7);
- 26 3. The organization holds no more than twelve (12) raffles per year;
- 27 4. Each raffle complies with the office's raffle standards in KRS 238.545

- 1 and administrative regulations promulgated thereunder and is approved  
2 by the office in writing prior to the sale of the first raffle ticket;
- 3 5. The gross receipts of each raffle do not exceed five hundred thousand  
4 dollars (\$500,000); and
- 5 6. One hundred percent (100%) of the net receipts of each raffle shall be  
6 distributed to a charitable organization licensed by the office pursuant to  
7 subsection (12) of this section to conduct charitable gaming as follows:
- 8 a. All distributed net receipts shall be maintained by the recipient  
9 licensed charitable organization in a separate account to be  
10 designated as the "raffle recipient account";
- 11 b. All distributed net receipts shall be expended by the recipient  
12 licensed charitable organization to further the charitable purpose of  
13 the recipient licensed charitable organization as required by KRS  
14 238.550(4); and
- 15 c. All distributed net receipts, and the expenditure thereof, shall be  
16 reported to the office and be subject to the office's auditing and  
17 investigative authority consistent with the provisions of this  
18 chapter.
- 19 (c) An applicant qualifying under paragraph (b) of this subsection shall submit an  
20 application for a special event raffle license, and the information to be  
21 submitted shall include but not be limited to the following:
- 22 1. The name and address of the organization;
- 23 2. The date of the organization's establishment in the Commonwealth of  
24 Kentucky and the date of the organization's establishment in the county  
25 or counties in which charitable gaming is to be conducted;
- 26 3. A statement of the purpose or purposes for which the organization was  
27 organized and identification of the licensed charitable organization to

- 1           which the applicant will distribute its net receipts. If the organization is  
2           incorporated, a copy of the articles of incorporation shall satisfy this  
3           requirement;
- 4           4. A statement explaining the organizational structure and management of  
5           the organization. For incorporated entities, a copy of the organization's  
6           bylaws shall satisfy this requirement;
- 7           5. The names, addresses, dates of birth, and Social Security numbers of all  
8           officers of the organization;
- 9           6. The names, addresses, dates of birth, and Social Security numbers of all  
10          employees and members of the organization who will be involved in the  
11          management and supervision of charitable gaming. No fewer than two  
12          (2) employees or members of the organization who are involved in the  
13          management and supervision of charitable gaming, along with the chief  
14          executive officer or the director of the applicant organization, shall be  
15          designated as chairpersons;
- 16          7. The address of the location at which charitable gaming will be  
17          conducted and the name and address of the owner of the property, if it is  
18          owned by a person other than the organization;
- 19          8. A copy of the letter or other legal document issued by the Internal  
20          Revenue Service to grant tax-exempt status;
- 21          9. A statement signed by the presiding or other responsible officer of the  
22          organization attesting that the information submitted in the application is  
23          true and correct and that the organization agrees to comply with all  
24          applicable laws and administrative regulations regarding charitable  
25          gaming;
- 26          10. An agreement that the organization's records may be released by the  
27          federal Internal Revenue Service to the office; and

1           11. Any other information as determined by the corporation through the  
2           promulgation of administrative regulations.

3 (15) The office may issue a license for a specified period of time, based on the type of  
4           charitable gaming involved and the desired duration of the activity.

5 (16) The office shall charge a fee for each license issued and renewed, not to exceed ***one***  
6           ***thousand dollars (\$1,000)***~~three hundred dollars (\$300)~~. Specific fees to be  
7           charged may be prescribed in a graduated scale promulgated by administrative  
8           regulations of the corporation and based on type of license, type of charitable  
9           gaming, actual or projected gross receipts, or other applicable factors, or  
10          combination of factors.

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

13           1. The licensee notifies the office in writing that it desires to place its  
14           license in escrow; and

15           2. The license is in good standing and the office has not initiated  
16           disciplinary action against the licensee.

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

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

22           1. The charitable organization continues to qualify for licensure;

23           2. The charitable organization has not engaged in charitable gaming during  
24           the escrow period; and

25           3. The charitable organization pays a reinstatement fee established by the  
26           office.

27 **(18) (a) At least sixty (60) days prior to the expiration of its existing license or its**

1 first expected date of gaming, facility operation, or business operations in  
 2 Kentucky during the license period, an applicant shall submit a complete,  
 3 accurate, and documented application. The office shall review the  
 4 application and notify the applicant in writing of any deficiencies in the  
 5 application within thirty (30) days. An application shall not be considered  
 6 complete until all deficiencies are resolved.

7 (b) If the applicant does not file a written response to a deficiency request,  
 8 provide requested information and documents, or otherwise cure the  
 9 identified deficiency within thirty (30) days of the written notice, the  
 10 application shall be deemed withdrawn.

11 (c) If the applicant files a written response to a deficiency request within thirty  
 12 (30) days of the written notice, but the response does not cure the identified  
 13 deficiency, the office shall issue a subsequent deficiency notice within thirty  
 14 (30) days. If the deficiency is incapable of being cured, the office shall deny  
 15 the license.

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

22 ➔SECTION 32. KRS 238.538 IS REPEALED AND REENACTED TO READ  
 23 AS FOLLOWS:

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

27 1. The office location of the charitable organization;

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

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

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

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

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

18           3. The charitable gaming facility licensed prior to the effective date of  
19           this Act shall transfer its license by submitting to the corporation, in  
20           order, information for the first licensed charitable organization as  
21           required in subparagraph 2. of this paragraph and the next choice of  
22           licensed charitable organization if the first declines the transfer or is  
23           not approved by the corporation to receive the transfer.

24          (b) The licensed charitable organization shall:

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

27           2. Apply with the corporation to receive the license by transfer under

1 paragraph (a) of this subsection.

2 (c) The corporation shall:

3 1. Not unreasonably withhold its approval of the licensed charitable  
4 organization seeking approval under paragraph (b) of this subsection;

5 and

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

8 (3) A charitable gaming facility may transfer no more than three (3) licenses under  
9 this section from locations where persons twenty-one (21) years of age and under  
10 are permitted to locations where only persons twenty-one (21) years of age and  
11 older are permitted, within ninety (90) days of the effective date of this Act.

12 (4) (a) Notwithstanding subsection (1) of this section, a licensed charitable  
13 organization offering the play of electronic charity game tickets or  
14 electronic pulltab devices at more than one (1) additional location as  
15 provided in subsection (1) of this section on July 1, 2025, may continue to  
16 offer those activities at an additional location. Authorization to offer the  
17 play of electronic charity game tickets and electronic pulltab devices at an  
18 additional location shall be lost and forfeited, and those activities ceased at  
19 an additional location, upon occurrence of any of the following:

20 1. Change of ownership or transfer of the charitable organization, or the  
21 charitable organization's permanent cessation of charitable gaming;

22 2. Failure to maintain a valid lease due to expiration and termination of  
23 lease agreements;

24 3. Failure by the licensee to comply with all charitable gaming  
25 requirements;

26 4. Failure or inability of the existing facility or location to restrict access  
27 to persons twenty-one (21) years of age or older;

- 1            5. Failure to timely report changes to the additional location or to update  
2            the information submitted to the corporation as part of the licensing  
3            process; or
- 4            6. Failure to provide information as requested or ordered by the  
5            corporation, related to the conduct of charitable gaming at the  
6            additional location.
- 7            (b) 1. A licensed charitable organization shall not be required to cease  
8            activities and may move to a new location that is restricted to ages  
9            twenty-one (21) and older, if any of the following occurs:
- 10           a. A sale or transfer of ownership of any part of the property where  
11           the additional location is located;
- 12           b. A sale or transfer of ownership of the business where the  
13           additional location is located; or
- 14           c. Any closure of the location for ninety (90) days or more, which  
15           shall include any closures due to an act of God.
- 16           2. A licensed charitable organization shall not be required to cease  
17           activities and may rebuild at the same location if there is a closure due  
18           to an act of God.
- 19           (5) Notwithstanding subsection (1) of this section, a licensed charitable organization  
20           that offers the play of electronic charity game tickets or electronic pulltab devices  
21           at more than one (1) additional location as provided in subsection (1) of this  
22           section on July 1, 2025, shall lose, forfeit, and cease those activities at all  
23           additional locations upon occurrence of any of the following:
- 24           (a) Suspension or revocation of a license due to a violation;
- 25           (b) Failure by the licensee to timely reapply for licensure or pay all required  
26           licensure fees; or
- 27           (c) Engagement in activities that would pose a threat to the public interest or

1 the effective regulation of charitable gaming in Kentucky, or enhance the  
 2 dangers of unsuitable, unfair, or illegal practices, methods, and activities in  
 3 the conduct of charitable gaming or in the operation of the business and  
 4 financial arrangements incidental thereto.

5 (6) (a) Beginning April 15, 2026, until April 15, 2027, the Kentucky Horse Racing  
 6 and Gaming Corporation shall not authorize locations for the play of  
 7 electronic charity game tickets beyond the office location of the charitable  
 8 organization, the location where the charitable organization is licensed to  
 9 conduct bingo, and the location where pre-approved charitable fundraising  
 10 events are authorized.

11 (b) Paragraph (a) of this subsection shall not:

12 1. Prevent electronic charity game ticket activities and electronic charity  
 13 game ticket locations operating prior to April 15, 2026, from being  
 14 resupplied or updated; or

15 2. Apply if the corporation promulgates administrative regulations in  
 16 accordance with KRS Chapter 13A that regulate electronic charity  
 17 game tickets.

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

19 (1) Charitable gaming shall be conducted by a licensed charitable organization at the  
 20 location, date, and time which shall be stated on the license. The licensee shall  
 21 request a change in the date, time, or location of a charitable gaming event by mail,  
 22 electronic mail, or facsimile transmission, and shall submit a lease and an original  
 23 signature of an officer. The office shall process this request and issue or deny a  
 24 license within ten (10) days.

25 (2) All premises or facilities on which or in which charitable gaming is conducted shall  
 26 meet all applicable federal, state, and local code requirements relating to life, safety,  
 27 and health.

- 1 (3) A license to conduct charitable gaming shall be prominently displayed on or in the  
2 premises where charitable gaming is conducted, in a conspicuous location that is  
3 readily accessible to gaming patrons as well as employees of the office, law  
4 enforcement officials, and other interested officials.
- 5 (4) At least one (1) chairperson who is listed on the application for licensure shall be at  
6 each charitable gaming activity conducted by the charitable organization and shall  
7 be responsible for the administration and conduct of the charitable gaming activity.  
8 A person shall not serve as chairperson for more than one (1) charitable  
9 organization. The chairperson shall be readily identifiable as the chairperson and  
10 shall be present on the premises continuously during the charitable gaming activity.  
11 Charitable gaming shall be conducted and administered solely by officers,  
12 members, and bona fide employees of the licensed charitable organization.  
13 Volunteer personnel, who may or may not be members of the licensed charitable  
14 organization, may be utilized if each volunteer is readily identifiable as a volunteer.  
15 A person may serve as volunteer personnel for up to six (6) charitable gaming  
16 events or sessions per week. A person engaged in the conduct and administration of  
17 charitable gaming shall not receive any compensation for services related to the  
18 charitable gaming activities, including tipping. Net receipts derived from charitable  
19 gaming shall not inure to the private benefit or financial gain of any individual. Any  
20 effort or attempt to disguise any other type of compensation or private inurement  
21 shall be considered an unauthorized diversion of funds and shall be actionable  
22 under KRS 238.995.
- 23 (5) A licensed charitable organization shall not contract with, or otherwise utilize the  
24 services of, any management company, service company, or consultant in managing  
25 or conducting any aspect of charitable gaming.
- 26 (6) A licensed charitable organization shall not purchase or lease charitable gaming  
27 supplies and equipment from any person not licensed as a distributor in the

1 Commonwealth of Kentucky.

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

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

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

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

13 (9) Any advertisement of charitable gaming, regardless of the medium used, shall  
14 contain the name of the charitable organization conducting the charitable gaming  
15 and its license number. An advertisement for a bingo session or sessions shall not  
16 advertise a bingo prize in excess of the limitation of five thousand dollars (\$5,000)  
17 per twenty-four (24) hour period set forth in KRS 238.545(1).

18 **(10) A licensed charitable organization authorized to offer the play of electronic**  
19 **pulltab devices shall restrict access to the area or areas where electronic pulltab**  
20 **devices are located and ensure persons under the age of twenty-one (21) do not**  
21 **access those areas or participate in the play of those activities.**

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

27 **(b) If a licensed charitable organization is offering for play electronic pulltab**

1 devices at premises where persons under the age of twenty-one (21) are  
2 allowed and five (5) or more devices are present, the charitable organization  
3 shall:

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

7 2. Keep a chairperson, who is employed by the licensed charitable  
8 organization, on staff full-time to monitor the entrance of the  
9 cordoned-off area to persons 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 (c) If a licensed charitable organization is offering for play electronic pulltab  
13 devices at premises where persons under the age of twenty-one (21) are  
14 allowed and four (4) or fewer devices are present, the charitable  
15 organization shall:

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

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

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

23 (d) If a licensed charitable organization violates paragraph (a), (b), or (c) of  
24 this subsection, the licensed charitable organization or charitable gaming  
25 facility shall be:

26 1. Fined for:

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

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

3                   **2. For the third violation within a one (1) year period at the same**  
 4                                   **premises, prohibited from conducting charitable gaming at the**  
 5                                   **premises.**

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

9                   **(12) (a) Notwithstanding this section, a licensed charitable organization may**  
 10                                   **provide reasonable remuneration to a chairperson who is required to attend**  
 11                                   **trainings by the corporation or who is required to check identification to**  
 12                                   **enter a cordoned-off area for the time spent conducting those trainings or**  
 13                                   **identification checks.**

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

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

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

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

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

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

26                   3. A person under the age of eighteen (18) shall not be permitted to  
 27                                   purchase bingo supplies or play bingo unless he or she is playing for

1 noncash prizes and is accompanied by a parent or legal guardian and  
 2 only if the value of any noncash prize awarded does not exceed ten  
 3 dollars (\$10);

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

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

9 3. Subject to the authority of the corporation, the office shall have broad  
 10 authority to define and regulate the use of card-minding devices and the  
 11 corporation may promulgate an administrative regulation concerning use  
 12 and control of them;

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

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

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

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

20 (e) An automated charity game ticket dispenser may be utilized by a licensed  
 21 charitable organization, with the prior approval of the office, only at the  
 22 address of the location designated on the license to conduct charitable gaming.

23 The corporation may promulgate administrative regulations regulating the use  
 24 and control of approved automated charity game ticket dispensers.

25 (2) (a) A prize for an individual charity game ticket shall not exceed **one thousand**  
 26 **four hundred ninety-nine dollars (\$1,499)**~~five hundred ninety-nine dollars~~  
 27 ~~(\$599)}~~ in value, not including the value of cumulative or carryover prizes

- 1 awarded in seal card games.
- 2 (b) Cumulative or carryover prizes in seal card games shall not exceed two  
3 thousand four hundred dollars (\$2,400).
- 4 (c) Information concerning rules of the particular game and prizes that are to be  
5 awarded in excess of fifty dollars (\$50) in each separate package or series of  
6 packages with the same serial number and all rules governing the handling of  
7 cumulative or carryover prizes in seal card games shall be posted prominently  
8 in an area where charity game tickets are sold. A legible poster that lists prizes  
9 to be awarded, and on which prizes actually awarded are posted at the  
10 completion of the sale of each separate package shall satisfy this requirement.
- 11 (d) Any unclaimed money or prize shall return to the charitable organization.
- 12 (e) A paper charity game ticket shall not be sold in the Commonwealth of  
13 Kentucky that does not conform to the standards for opacity, randomization,  
14 minimum information, winner protection, color, and cutting established by the  
15 office.
- 16 (f) An electronic pulltab device representation of a charity game ticket shall not  
17 be sold in the Commonwealth of Kentucky that does not conform to the  
18 construction standards set forth in an administrative regulation promulgated  
19 by the corporation. Electronic pulltab devices shall only be used for charitable  
20 gaming.
- 21 (g) A person under the age of eighteen (18) shall not be permitted to purchase, or  
22 open in any manner, a charity game ticket.
- 23 (3) (a) Tickets for a raffle shall be sold separately, and each ticket shall constitute a  
24 separate and equal chance to win.
- 25 (b) All raffle tickets shall be sold for the price stated on the ticket, and a person  
26 shall not be required to purchase more than one (1) ticket or to pay for  
27 anything other than a ticket to enter a raffle.

- 1 (c) Raffle tickets and tickets for charity fundraising raffle games approved by the  
2 office which are offered exclusively at charity fundraising events and special  
3 limited charity fundraising events are not required to be sold separately and  
4 may be sold at discounted package rates.
- 5 (d) Raffle tickets shall have a unique identifier on each ticket.
- 6 (e) Winners shall be drawn at random at a date, time, and place announced in  
7 advance or printed on the ticket.
- 8 (f) All prizes for a raffle shall be identified in advance of the drawing and all  
9 prizes identified shall be awarded.
- 10 (4) With respect to charity fundraising events, a licensed charitable organization shall  
11 be limited as follows:
- 12 (a) A licensed charitable organization shall not conduct a charity fundraising  
13 event or a special limited charity fundraising event unless they have a license  
14 for the respective event issued by the office;
- 15 (b) A special license shall not be required for any wheel game, such as a cake  
16 wheel, that awards only noncash prizes the value of which does not exceed  
17 one hundred dollars (\$100);
- 18 (c) The office may grant approval for a licensed charitable organization to play  
19 bingo games at a charity fundraising event. Cash prizes for bingo games  
20 played during a charity fundraising event may not exceed five thousand  
21 dollars (\$5,000) for the entire event. A person under the age of eighteen (18)  
22 shall not be permitted to play bingo at a charity fundraising event unless  
23 accompanied by a parent or legal guardian;
- 24 (d) The office may grant approval for a licensed charitable organization to play  
25 special limited charitable games at a charity fundraising event authorized  
26 under this section. The office shall not grant approval for the playing of  
27 special limited charitable games under the provisions of a charity fundraising

1 event license unless the proposed event meets the definition of a charity  
2 fundraising event held for community, social, or entertainment purposes apart  
3 from charitable gaming in accordance with KRS 238.505(11);

4 (e) Except for state, county, city fairs, and special limited charity fundraising  
5 events, a charity fundraising event license issued under this section shall not  
6 exceed seventy-two (72) consecutive hours. A licensed charitable  
7 organization shall not be eligible for more than eight (8) total charity  
8 fundraising event licenses per year, including two (2) special limited charity  
9 fundraising event licenses. A person under eighteen (18) years of age shall not  
10 be allowed to play or conduct any special limited charitable game. Subject to  
11 the authority of the corporation, the office shall have broad authority to  
12 regulate the conduct of special limited charity fundraising events in  
13 accordance with the provisions of KRS 238.547; and

14 (f) Charity fundraising events may be held:

- 15 1. On or in the premises of a licensed charitable organization;
- 16 2. In a licensed charitable gaming facility, subject to restrictions contained  
17 in KRS 238.555(7); or
- 18 3. At an unlicensed facility which shall be subject to the requirements  
19 stipulated in KRS 238.555(3), and subject to the restrictions contained in  
20 KRS 238.547(2).

21 (5) **In any prosecution for selling charitable gaming supplies to a minor, it shall be**  
22 **an affirmative defense that the sale was induced by the use of false, fraudulent,**  
23 **or altered identification papers or other documents and that the appearance and**  
24 **character of the purchaser were such that the purchaser's age could not have**  
25 **been ascertained by any other means and that the purchaser's appearance and**  
26 **character indicated strongly that the purchaser was of legal age to purchase**  
27 **charitable gaming supplies. This evidence may be introduced either in mitigation**

1 of the charge or as a defense to the charge itself~~[Presentation of false, fraudulent,~~  
 2 ~~or altered identification by a minor shall be an affirmative defense in any~~  
 3 ~~disciplinary action or prosecution that may result from a violation of age restrictions~~  
 4 ~~contained in this section, if the appearance and character of the minor were such~~  
 5 ~~that his or her age could not be reasonably ascertained by other means].~~

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

- 7 (1) (a) ~~A~~~~[No]~~ person~~[or organization]~~ shall ***not*** operate a charitable gaming facility  
 8 unless the person~~[or organization]~~ is licensed under the provisions of this  
 9 chapter, except that ~~[facilities that are utilized by two (2) or fewer charitable~~  
 10 ~~organizations for the purpose of conducting charitable gaming, and ]~~facilities  
 11 that only host charity fundraising events~~[.]~~ shall be exempt from licensure.
- 12 (b) The office shall charge a license fee not to exceed ***five thousand dollars***  
 13 ***(\$5,000)***~~[two thousand five hundred dollars (\$2,500)]~~. Specific license fees to  
 14 be charged shall be:
- 15 1. Prescribed in a graduated scale promulgated by administrative
  - 16 regulation; and
  - 17 2. Based on the number of sessions which the facility holds per week or
  - 18 other applicable factors or combination of factors.
- 19 (c) Charitable gaming may be conducted in a charitable gaming facility only by a  
 20 licensed charitable organization in accordance with the provisions of this  
 21 chapter.
- 22 (2) In the application process, an applicant for a charitable gaming facility license shall  
 23 submit the following information:
- 24 (a) The address of the facility;
  - 25 (b) A description of the facility to include square footage of the gaming area,
  - 26 capacity levels, and available parking;
  - 27 (c) ***The applicant's ability to manage and operate the charitable gaming facility***

1 *and comply with all applicable standards;*

2 (d) The names, addresses, dates of birth, and Social Security numbers of all  
3 individuals employed by or contracted with the applicant to manage the  
4 facility or provide other authorized services;

5 (e)~~(d)~~ The name, address, date of birth, and Social Security number of any  
6 individual who has a ten percent (10%) or greater financial interest in the  
7 facility;

8 (f)~~(e)~~ A copy of the lease agreement used by the applicant; and

9 (g)~~(f)~~ Any other information the office deems appropriate.

10 (3) An~~No~~ owner, officer, employee, or contractee of a licensed charitable gaming  
11 facility or an affiliate, or any member of the immediate family of any officer,  
12 employee, or contractee of a licensed charitable gaming facility or an affiliate shall  
13 not, concerning a lessee:

14 (a) Manage or otherwise be involved in the conduct of charitable gaming;

15 (b) Provide bookkeeping or other accounting services related to the conduct of  
16 charitable gaming;

17 (c) Handle any moneys generated in the conduct of charitable gaming;

18 (d) Advise a licensed charitable organization on the expenditure of net receipts;

19 (e) Provide transportation services in any manner to patrons of a charitable  
20 gaming activity;

21 (f) *Solicit licensed charitable organizations to participate in the conduct of*  
22 *charitable gaming at the charitable gaming facility in order to profit from*  
23 *the conduct of charitable gaming;*

24 (g) Provide advertisement or marketing services in any manner to a licensed  
25 charitable organization;

26 (h)~~(g)~~ Provide, coordinate, or solicit the services of personnel or volunteers in  
27 any manner;

1        ~~(i)(h)~~     Influence or require a licensed charitable organization to use a certain  
2                    distributor or any particular gaming supplies; or

3        ~~(i)(i)~~     Donate or give any prize to be awarded in the conduct of charitable  
4                    gaming.

5     (4)   A licensed charitable gaming facility shall execute a lease agreement with each  
6           licensed charitable organization that desires to conduct charitable gaming at the  
7           facility. The amount of rent, goods, and services charged shall be reasonable and  
8           shall be based on prevailing market values in the general locality for the goods and  
9           services to be provided. The amount charged to rent a charitable gaming facility,  
10          whether the facility is licensed or unlicensed, shall **be a fixed fee and** not be based  
11          in whole or in part on a percentage of gross receipts, net proceeds derived from the  
12          conduct of charitable gaming, or by reference to the number of people in  
13          attendance. A licensed charitable gaming facility shall file a copy of each signed  
14          lease agreement with the office.

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

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

19                  1.    A city containing a population equal to or greater than twenty thousand  
20                          (20,000) based upon the most recent federal decennial census;

21                  2.    An urban-county government;

22                  3.    A consolidated local government;

23                  4.    A charter county government; or

24                  5.    A county containing a city of the first class or a city containing a  
25                          population equal to or greater than twenty thousand (20,000) based upon  
26                          the most recent federal decennial census; or

27          (b)   No more than eight (8) sessions per week if the charitable gaming facility is

1 located in a city other than those listed in paragraph (a) of this subsection, or  
 2 in a county that does not contain a city that is listed in paragraph (a) of this  
 3 subsection.

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

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

10 (8) A licensed charitable gaming facility shall conspicuously display a sign bearing the  
 11 name and the license number of the charitable organization that is conducting  
 12 charitable gaming activities in the facility.

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

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

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

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

26 **(3)**~~(2)~~ In carrying out its enforcement responsibilities, the office may:

27 (a) Inspect and examine all premises in which or on which charitable gaming is

1 conducted or charitable gaming supplies or equipment are manufactured or  
2 distributed;

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

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

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

10 ~~(4)~~~~(3)~~ (a) As used in this subsection, "willful" means that the conduct constituting  
11 the violation was committed with intent, not accidentally or inadvertently.

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

16 (c) The office may deny a license, suspend or revoke a license, ***impose***  
17 ***probationary conditions on a license, issue a written reprimand or warning,***  
18 ***impose fines or penalties,*** issue a cease and desist order, ***or any combination***  
19 ***thereof with regard to any licensee or other person participating in***  
20 ***charitable gaming in Kentucky for a violation of any federal or state statute,***  
21 ***administrative regulation, or corporation's directive, ruling, or order*** ~~[place a~~  
22 ~~license holder on probation, issue a letter of reprimand or letter of warning,~~  
23 ~~and levy a fine].~~ An administrative fine shall not exceed ***five thousand dollars***  
24 ***(\$5,000)*** ~~[one thousand dollars (\$1,000)]~~ for each offense. The office may  
25 deny the issuance of a license or a license renewal if the applicant or licensee  
26 has failed to pay a fine levied by the office. The corporation may by  
27 administrative regulation classify types of offenses and the recommended

1 administrative action. The type of action to be taken shall be based on the  
2 history of previous violations and the nature, severity, and frequency of the  
3 offense. Administrative action authorized in this section shall be in addition to  
4 any criminal penalties provided in this chapter or under other provisions of  
5 law.

- 6 (d) 1. Notwithstanding any other provisions of this section, the office shall  
7 review, within two (2) months of receipt, timely filed organization  
8 quarterly reports that include payment of the fee due as reflected on the  
9 organization quarterly report. If the office discovers reporting errors that  
10 are not willful, the office shall, prior to taking any other administrative  
11 action, issue a letter of warning to the licensee and allow the licensee  
12 thirty (30) days from the issuance of the letter to correct the identified  
13 violation. The purpose of this subparagraph is for the office to identify  
14 correctable reporting errors in a timely manner, and to notify the  
15 licensee of the errors prior to the due date of the next organization  
16 quarterly report so that the errors are corrected and are not repeated in  
17 subsequent organization quarterly reports.
- 18 2. A review conducted under subparagraph 1. of this paragraph shall not be  
19 considered an audit or final review and acceptance of an organization  
20 quarterly report and payment. The office shall have four (4) years from  
21 the date of filing to fully audit and review an organization quarterly  
22 report, and may pursue administrative actions against the licensee  
23 related to an organization quarterly report or the information reported on  
24 an organization quarterly report within the four (4) year period if  
25 violations or errors that are not willful are discovered. This  
26 subparagraph shall not be construed to require records that are not  
27 needed to audit or review an organization quarterly report to be kept

1 longer than is required elsewhere in this chapter or in any related  
2 administrative regulations.

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

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

7 a. Identify the violation;

8 b. Describe the corrective action necessary;

9 c. Identify the administrative actions that can be taken if the violation  
10 is not addressed; and

11 d. Provide that the person shall have thirty (30) days to correct the  
12 action leading to the violation.

13 ~~(5)~~~~(4)~~ The office may reinstate a license that has been revoked at any time after two  
14 (2) years from the date of revocation. A license may be reinstated only upon a  
15 finding that the violations for which the license was revoked have been corrected.

16 ~~(6)~~~~(5)~~ All departments, divisions, boards, agencies, officers, and institutions of the  
17 Commonwealth of Kentucky and all subdivisions thereof, in particular local law  
18 enforcement entities, shall cooperate with the office in carrying out its enforcement  
19 responsibilities.

20 ~~(7)~~~~(6)~~ The office shall report any activity or action which would constitute a  
21 criminal offense to the appropriate authorities in the county where the activity or  
22 action occurred and to the Attorney General.

23 ~~(8)~~~~(7)~~ All administrative actions taken under this section shall be subject to the final  
24 order of the corporation.

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

26 (1) A license holder may appeal any administrative action taken under KRS 238.560. A  
27 license holder shall be notified in writing of any action to be taken against him or

1 her. The notification may be delivered in person or mailed by certified mail, return  
2 receipt requested, to the last known address of the license holder. Service of  
3 notification of administrative action, whether by hand delivery or by certified mail,  
4 shall be deemed complete if the license holder fails or refuses to accept delivery.  
5 For service by hand delivery, notification shall be deemed received upon  
6 acceptance of delivery or upon failure or refusal to accept delivery, and the person  
7 affecting service on behalf of the office shall record the fact of the failure or refusal.  
8 For service by certified mail, the notification of administrative action shall be  
9 deemed received when the license holder accepts delivery or fails or refuses to  
10 accept delivery at the last known address. The notification shall specify the charges  
11 against the license holder, specify the proposed administrative sanction, and advise  
12 the license holder of the right to appeal the decision within ten (10) days of the date  
13 of receipt of the notification.

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

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

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

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

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

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

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

1 (e) On a finding of good cause, the president or his or her designee may grant  
2 the stay. The president or his or her designee shall issue a written decision  
3 granting or denying the request for stay within five (5) calendar days from  
4 the time the application for stay is received by the president or his or her  
5 designee. If the president or his or her designee fails to timely issue a  
6 written decision, then the stay is deemed granted. The president or his or  
7 her designee may rescind a stay granted under this subsection for good  
8 cause.

9 (f) A person who is denied a stay by the president or his or her designee, or has  
10 a previously granted stay rescinded under paragraph (e) of this subsection,  
11 may petition the corporation to overrule the president's or designee's denial  
12 or rescission of the stay. The petition shall be filed in writing with the  
13 chairperson of the board of directors of the corporation and received by the  
14 chairperson within ten (10) calendar days of the mailing of the president's  
15 or designee's denial of the stay. The petition shall state the name, address,  
16 phone number, and signature of the petitioner; a statement of justification  
17 of the stay; and the time period for which the stay is requested. The  
18 chairperson shall convene a special meeting of the board of directors of the  
19 corporation within ten (10) calendar days of receipt of the petition, and the  
20 corporation shall issue a written final order granting or denying the petition  
21 within two (2) calendar days of the special meeting. If the corporation fails  
22 to timely issue a final order on the petition, then the stay is granted. The  
23 corporation may rescind a stay granted under this subsection for good  
24 cause.

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

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

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

11      (4) Pursuant to KRS 13B.120(7), the corporation shall automatically hear and issue a  
12      final order regarding any decision of the corporation that would otherwise be  
13      subject to appeal.

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

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

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

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

27           **3. a. If the license holder receives a determination from the**

1 corporation that the ceasing of operations stands, the license  
 2 holder may appeal again to the corporation; and  
 3 b. Upon receipt of the second appeal, the corporation shall  
 4 schedule the matter for an administrative hearing that shall be  
 5 conducted in accordance with KRS Chapter 13B.

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

9 (8) A final order of the corporation may be appealed to the Circuit Court of the county  
 10 where the appellant works or resides in accordance with KRS Chapter 13B. If the  
 11 license holder against whom administrative action is proposed does not request an  
 12 appeal of the action, the corporation shall enter a final order imposing the proposed  
 13 administrative action.

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

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

- 16 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling  
 17 any illegal alcoholic beverages or cannabis-infused beverages on the licensed  
 18 premises.
- 19 (2) Making any false, material statements in an application or renewal application for a  
 20 license or supplemental license.
- 21 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:  
 22 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,  
 23 or any act regulating the manufacture, sale, and transportation of alcoholic  
 24 beverages or the sale, distribution, or transportation of cannabis-infused  
 25 beverages within two (2) consecutive years;  
 26 (b) Two (2) misdemeanors directly or indirectly attributable to the use of  
 27 alcoholic beverages or cannabis-infused beverages within two (2) consecutive

1           years; or

2           (c) Any felony.

3       (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any  
4       penalties imposed by or under the provisions of any statutes, ordinances, or Acts of  
5       Congress relative to taxation, or for a violation of any related administrative  
6       regulations promulgated by the Department of Revenue.

7       (5) (a) Revocation of any license or permit provided in KRS 243.060, 243.070,  
8       243.600, and 243.610, or granted under any Act of Congress relative to the  
9       regulation of the manufacture, sale, and transportation of alcoholic beverages.

10      (b) Revocation of any license established under KRS 243.200, 243.403, or  
11      243.405 relative to the sale, distribution, or transportation of cannabis-infused  
12      beverages.

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

18      This subsection shall not apply to:

19      (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;

20      (b) The operation of a pari-mutuel system for betting, or the operation of sports  
21      wagering, where authorized by law;

22      (c) The conduct of charitable gaming by a charitable organization licensed or  
23      permitted under KRS Chapters 230 and 238;~~[-or]~~

24      (d) Special temporary raffles of alcoholic beverages under KRS 243.036;

25      (e) **The conduct of fantasy contests under KRS Chapter 230;**

26      (f) **The conduct of fixed-odds wagering under KRS Chapter 230; or**

27      (g) **Wagering on live horse races and historical horse races authorized by KRS**

1                    **Chapter 230.**

2        (7) Conviction of the licensee, the licensee's agents, servants, or employees for:

3            (a) The trafficking or possession upon the licensed premises of controlled or  
4            illegal substances described in KRS Chapter 218A, including synthetic drugs;

5            (b) Knowingly permitting the trafficking or possession by patrons upon the  
6            licensed premises of controlled or illegal substances described in KRS  
7            Chapter 218A, including synthetic drugs; or

8            (c) Knowingly receiving stolen property upon the licensed premises.

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

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

11        KRS Chapter 528 shall not apply to pari-mutuel, **fantasy contests, fixed-odds wagering,**  
12        **wagering on live horse races and historical horse races,** or sports wagering authorized  
13        under the provisions of KRS Chapter 230.

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

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

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

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

24            (c) Loiters or remains in or about a school, college, or university building or  
25            grounds, not having any reason or relationship involving custody of or  
26            responsibility for a pupil or student or any other specific legitimate reason for  
27            being there and not having written permission from anyone authorized to

1 grant the same; or

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

5 (2) Loitering is a violation.

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

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

8 (1) "Advancing gambling activity":

9 (a) Means~~[A person "advances gambling activity" when, acting other than as a~~  
10 ~~player, he or she engages in]~~ conduct **a person engages in other than as a**  
11 **player** that materially aids any form of gambling activity **not authorized**  
12 **under KRS Chapter 154A, 230, or 238.**

13 (b) Includes~~[The conduct shall include,]~~ but is not limited to~~[,]~~ conduct directed  
14 toward the:

15 1. Establishment of the particular game, contest, scheme, device, or  
16 activity involved;~~[toward the]~~

17 2. Acquisition or maintenance of premises, paraphernalia, equipment, or  
18 apparatus therefor;~~[toward the]~~

19 3. Solicitation or inducement of persons to participate therein;~~[toward the]~~

20 4. Actual conduct of the playing phases thereof; **or**~~[toward the]~~

21 5. Arrangement of any of its financial or recording phases or toward any  
22 other phase of its operation.

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

- 1 (2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets  
2 upon the outcome of future contingent events from members of the public as a  
3 business **not authorized under KRS Chapter 230**;
- 4 (3) "Charitable gaming" means games of chance conducted by charitable organizations  
5 licensed and regulated under the provisions of KRS Chapters 230 and 238;
- 6 (4) (a) "Coin-operated amusement machine" means a lawful machine or device that  
7 requires the direct or indirect payment of consideration, including but not  
8 limited to the insertion of a coin, currency, ticket, token, or similar object, or  
9 the depositing of funds with the operator or owner of the device, and that  
10 contains no material element of chance and automatically, by or through some  
11 mechanical operation, affords music or amusement of some character with or  
12 without vending any merchandise, but in addition to any merchandise.
- 13 (b) A coin-operated amusement machine shall not deliver or entitle the person  
14 playing or operating the game to receive cash, cash equivalents, gift cards, or  
15 vouchers, billets, tickets, tokens, electronic credits or any item that can be  
16 exchanged for cash, cash equivalents, gift cards, merchandise, or something of  
17 value, unless otherwise provided under this section.
- 18 (c) A coin-operated amusement machine may entitle the person playing to a  
19 noncash, merchandise prize or a voucher, billet, ticket, token, or electronic  
20 credit redeemable only for a noncash, merchandise prize under the following  
21 rules:
- 22 1. The wholesale value of a merchandise prize awarded as a result of the  
23 single play of a machine, either directly or as a result of redemption of a  
24 redeemable voucher, does not exceed twenty-five dollars (\$25);
  - 25 2. Redeemable vouchers are not redeemable for any merchandise prize that  
26 has a wholesale value of more than twenty-five dollars (\$25) times the  
27 fewest number of single plays necessary to accrue the redeemable

1 vouchers required to obtain that prize; and

2 3. Any redeemable vouchers or merchandise prizes are distributed at the  
3 site of the coin-operated amusement machine at the time of play.

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

5 1. An alcoholic beverage;

6 2. Eligible for purchase or repurchase; or

7 3. Exchangeable for any cash, cash equivalents, or something of value  
8 whatsoever;

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

11 1. Two (2) or more participants or teams of participants compete directly  
12 against each other for entertainment and prizes in the same video game  
13 at the same time, typically for spectators;

14 2. Results are determined solely on the basis of the skill of the players;

15 3. The number of participants is fixed before the beginning of the  
16 competition;

17 4. Any fee collected to participate in the competition shall be collected  
18 from all participants before the competition begins;

19 5. At least one (1) participant shall receive something of value based on the  
20 results of the competition; and

21 6. The value of any prize shall be predetermined before the competition  
22 begins.

23 (b) E-sports shall not include traditional casino games which include but are not  
24 limited to poker, roulette, craps, or blackjack;

25 (6) (a) "Gambling" means staking or risking something of value upon the outcome of  
26 a contest, game, gaming scheme, or gaming device which is based upon an  
27 element of chance, in accord with an agreement or understanding that

1 someone will receive something of value in the event of a certain outcome.  
2 "Gambling" includes playing or offering for play any game, contest, or  
3 competition utilizing a gambling device.

4 (b) "Gambling" does not include:

- 5 1. A contest or game in which eligibility to participate is determined by  
6 chance and the ultimate winner is determined by skill;
- 7 2. Charitable gaming which is licensed and regulated under the provisions  
8 of KRS Chapter 238;
- 9 3. E-sports competitions;
- 10 4. Skill-based contests;~~[-or]~~
- 11 5. The use or operation of any devices or machines that are described in  
12 subsection (7)(b) of this section;

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

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

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

- 16 1. Any so-called slot machine or any other machine or mechanical device  
17 which when operated may deliver, as a result of the application of any  
18 element of chance, any money or property, or by the operation of which  
19 a person may become entitled to receive, as the result of the application  
20 of any element of chance, any money or property;
- 21 2. Any mechanical or electronic device permanently located in a business  
22 establishment, including a private club, that is offered or made available  
23 to a person to play or participate in a simulated gambling program in  
24 return for direct or indirect consideration, including but not limited to  
25 consideration paid for internet access or computer time, or a  
26 sweepstakes entry, which when operated may deliver as a result of the  
27 application of any element of chance, regardless of whether the result is

1           also partially or predominantly based on skill, any money or property, or  
2           by the operation of which a person may become entitled to receive, as  
3           the result of the application of any element of chance, regardless of  
4           whether the result is also partially or predominantly based on skill, any  
5           money or property;

6           3. Any other machine or any mechanical, electronic, or other device,  
7           including but not limited to roulette wheels, gambling tables and similar  
8           devices, designed and manufactured primarily for use in connection with  
9           gambling and which when operated may deliver, as the result of the  
10          application of any element of chance, any money or property, or by the  
11          operation of which a person may become entitled to receive, as the  
12          result of the application of any element of chance, any money or  
13          property; or

14          4. Any electronic, computerized, or mechanical contrivance, terminal,  
15          machine, or other device that:

16           a. Requires the direct or indirect payment of consideration which  
17           may include and shall not be limited to the insertion of a coin,  
18           currency, ticket, token, or similar object, or by depositing funds  
19           with the operator or owner of the device, to operate, play, or  
20           activate a game; and

21           b. Offers games the outcomes of which are determined by any  
22           element of skill of the player and may deliver or entitle the person  
23           playing or operating the device to receive cash, cash equivalents,  
24           or gift cards or vouchers, billets, tickets, tokens, or electronic  
25           credits to be exchanged for cash or to receive merchandise or  
26           something of value, whether the payoff is made automatically  
27           from the device or manually.

- 1 (b) The following shall not be considered gambling devices within this definition:
- 2 1. Devices used in wagering on live races at licensed~~[dispensing or~~  
3 ~~selling combination or French pools on licensed, regular]~~ racetracks  
4 during races on said tracks;
- 5 2. Devices used in wagering~~[dispensing or selling combination or French~~  
6 ~~pools]~~ on historical races at licensed, regular racetracks as lawfully  
7 authorized by the Kentucky Horse Racing and Gaming Corporation;
- 8 3. Electro-mechanical pinball machines specially designed, constructed, set  
9 up, and kept to be played for amusement only. Any pinball machine  
10 shall be made to receive and react only to the deposit of coins during the  
11 course of a game. The ultimate and only award given directly or  
12 indirectly to any player for the attainment of a winning score or  
13 combination on any pinball machine shall be the right to play one (1) or  
14 more additional games immediately on the same device at no further  
15 cost. The maximum number of free games that can be won, registered,  
16 or accumulated at one (1) time in operation of any pinball machine shall  
17 not exceed thirty (30) free games. Any pinball machine shall be made to  
18 discharge accumulated free games only by reactivating the playing  
19 mechanism once for each game released. Any pinball machine shall be  
20 made and kept with no meter or system to preserve a record of free  
21 games played, awarded, or discharged. Nonetheless, a pinball machine  
22 shall be a gambling device if a person gives or promises to give money,  
23 tokens, merchandise, premiums, or property of any kind for scores,  
24 combinations, or free games obtained in playing the pinball machine in  
25 which the person has an interest as owner, operator, keeper, or  
26 otherwise;
- 27 4. Devices used in the conduct of charitable gaming;

- 1           5. Coin-operated amusement machines;
- 2           6. Devices used for wagering exempted from the application of this chapter
- 3           pursuant to KRS 436.480;
- 4           7. Devices used in e-sports competitions;~~[-or]~~
- 5           8. Devices used in skill-based contests, provided such devices do not meet
- 6           the definition of gambling devices in paragraph (a) of this subsection; **or**

7           **9. Devices used for fixed-odds wagering:**

- 8       (8) "Lottery and gift enterprise" means:
  - 9           (a) A gambling scheme in which:
    - 10           1. The players pay or agree to pay something of value for chances,
    - 11           represented and differentiated by numbers or by combinations of
    - 12           numbers or by some other media, one (1) or more of which are to be
    - 13           designated the winning ones;
    - 14           2. The ultimate winner is to be determined by a drawing or by some other
    - 15           method based upon the element of chance; and
    - 16           3. The holders of the winning chances are to receive something of value;
    - 17           and
  - 18           (b) A gift enterprise or referral sales plan which meets the elements of a lottery
  - 19           listed in paragraph (a) of this subsection is to be considered a lottery under
  - 20           this chapter;
- 21       (9) "Mutuel" or "the numbers games" means a form of lottery in which the winning
- 22           chances or plays are not determined upon the basis of a drawing or other act on the
- 23           part of persons conducting or connected with the scheme, but upon the basis of the
- 24           outcome or outcomes of a future contingent event or events otherwise unrelated to
- 25           the particular scheme;
- 26       (10) "Player" means a person who engages in any form of gambling solely as a
- 27           contestant or bettor, without receiving or becoming entitled to receive any profit

1           therefrom other than personal gambling winnings, and without otherwise rendering  
2           any material assistance to the establishment, conduct, or operation of the particular  
3           gambling activity. A person who engages in "bookmaking" as defined in subsection  
4           (2) of this section is not a "player." The status of a "player" shall be a defense to any  
5           prosecution under this chapter;

6           (11) "Profiting from gambling activity" ***occurs***~~[—A person "profits from gambling~~  
7           ~~activity"]~~ when, other than as a player, ***a person***~~[he or she]~~ accepts or receives or  
8           agrees to accept or receive money or other property pursuant to an agreement or  
9           understanding with any ***other*** person whereby ***the person***~~[he or she]~~ participates or  
10          is to participate in the proceeds of gambling activity ***not authorized under KRS***  
11          ***Chapter 154A, 230, or 238;***

12          (12) "Simulated gambling program" means any method intended to be used by a person  
13          playing, participating, or interacting with an electronic device that may, through the  
14          application of any element of chance, either deliver money or property or an  
15          entitlement to receive money or property;

16          (13) "Skill" means the knowledge, dexterity, or any other ability or expertise of a natural  
17          person;

18          (14) "Skill-based contest" means a live, in-person competitive event among two (2) or  
19          more individuals or teams of individuals in which the ultimate winner is determined  
20          by skill and the competitive event does not utilize a gambling device; and

21          (15) (a) "Something of value" means any money or property, any token, object, or  
22          article exchangeable for money or property, or any form of credit or promise  
23          directly or indirectly contemplating transfer of money or property or of any  
24          interest therein, or involving extension of a service, entertainment, or a  
25          privilege of playing at a game or scheme without charge.

26          (b) "Something of value" does not include the award of a free, extended, or  
27          continuous play which is awarded as a prize for playing a game or scheme for

1 a charge.

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

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

7 (2) Permitting gambling is a Class B misdemeanor.

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

9 Persons of the age of eighteen (18) years are of the age of majority for all purposes in this  
10 Commonwealth except for the purchase of alcoholic beverages, *sports wagering*, and for  
11 purposes of care and treatment of children with disabilities, for which twenty-one (21)  
12 years is the age of majority, all other statutes to the contrary notwithstanding.

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

14 (1) Occupational license fees levied under KRS 67.083, 68.180, and 68.197 by the  
15 fiscal court of a county, consolidated local government, urban-county government,  
16 charter county government, or unified local government may apply to racetrack  
17 extensions.

18 (2) As used in this section:

19 (a) "Historical horse race" has the same meaning as in KRS 138.511; and

20 (b) 1. "Racetrack extension" means any facility:

21 a. Owned, leased, or purchased by an association licensed by the  
22 Kentucky Horse Racing and Gaming Corporation under KRS  
23 230.300;

24 b. That meets the definition of "track" under KRS  
25 230.210(47)(37)(c); and

26 c. Where pari-mutuel wagering on historical horse races is conducted  
27 on terminals approved by the Kentucky Horse Racing and Gaming

1 Corporation.

2 2. "Racetrack extension" does not include a facility or real property used  
3 for training horses or at which live horse races are run for stakes, purses,  
4 or prizes under the jurisdiction of the Kentucky Horse Racing and  
5 Gaming Corporation.

6 ➔Section 45. KRS 91.202 is amended to read as follows:

7 (1) Occupational license fees levied under KRS 91.200 by the legislative body of a city  
8 of the first class may apply to racetrack extensions.

9 (2) As used in this section:

10 (a) "Historical horse race" has the same meaning as in KRS 138.511; and

11 (b) 1. "Racetrack extension" means any facility:

12 a. Owned, leased, or purchased by an association licensed by the  
13 Kentucky Horse Racing and Gaming Corporation under KRS  
14 230.300;

15 b. That meets the definition of "track" under KRS  
16 230.210(47)~~[(37)]~~(c); and

17 c. Where pari-mutuel wagering on historical horse races is conducted  
18 on terminals approved by the Kentucky Horse Racing and Gaming  
19 Corporation.

20 2. "Racetrack extension" does not include a facility or real property used  
21 for training horses or at which live horse races are run for stakes, purses,  
22 or prizes under the jurisdiction of the Kentucky Horse Racing and  
23 Gaming Corporation.

24 ➔Section 46. KRS 92.282 is amended to read as follows:

25 (1) Occupational license fees levied under KRS 92.281 by the legislative body of a city  
26 may apply to racetrack extensions.

27 (2) As used in this section:

- 1 (a) "Historical horse race" has the same meaning as in KRS 138.511; and
- 2 (b) 1. "Racetrack extension" means any facility:
- 3 a. Owned, leased, or purchased by an association licensed by the
- 4 Kentucky Horse Racing and Gaming Corporation under KRS
- 5 230.300;
- 6 b. That meets the definition of "track" under KRS
- 7 230.210~~(47)~~~~(37)~~(c); and
- 8 c. Where pari-mutuel wagering on historical horse races is conducted
- 9 on terminals approved by the Kentucky Horse Racing and Gaming
- 10 Corporation.
- 11 2. "Racetrack extension" does not include a facility or real property used
- 12 for training horses or at which live horse races are run for stakes, purses,
- 13 or prizes under the jurisdiction of the Kentucky Horse Racing and
- 14 Gaming Corporation.

15 ➔Section 47. KRS 238.550 is amended to read as follows:

- 16 (1) All adjusted gross receipts from charitable gaming shall be handled only by
- 17 chairpersons, officers, or employees of the licensed charitable organization.
- 18 (2) Except as authorized by subsection (11) of this section, within five (5) business
- 19 days after the completion of a charitable gaming event or session, all gross receipts
- 20 and adjusted gross receipts shall be deposited into one checking account devoted
- 21 exclusively to charitable gaming. This checking account shall be designated the
- 22 "charitable gaming account," and the licensed charitable organization shall maintain
- 23 its account at a financial institution located in the Commonwealth of Kentucky.~~†~~
- 24 ~~No~~ Other funds shall not~~may~~ be deposited or transferred into the charitable
- 25 gaming account.
- 26 (3) All payments for charitable gaming expenses, payments made for prizes purchased,
- 27 and any charitable donations from charitable gaming receipts shall be made from

1 the charitable gaming account and the payments or donations shall be made only by  
2 bona fide officers of the organization by checks having preprinted consecutive  
3 numbers and made payable to specific persons or organizations. No check drawn on  
4 the charitable gaming account may be made payable to "cash," or "bearer," except  
5 that a licensed charitable organization may withdraw start-up funds for a charitable  
6 gaming event or session from the charitable gaming account by check made payable  
7 to "cash" or "bearer," if these start-up funds are redeposited into the charitable  
8 gaming account together with all adjusted gross receipts derived from the particular  
9 event or session. Checks shall be imprinted with the words "charitable gaming  
10 account" and shall contain the organization's license number on the face of each  
11 check. Payments for charitable gaming expenses, prizes purchased, and charitable  
12 donations may be made by electronic funds transfer if the payments are made to  
13 specific persons or organizations. The corporation may by administrative regulation  
14 adopt alternative reporting requirements for charitable gaming of limited scope or  
15 duration, if these requirements are sufficient to ensure accountability for all moneys  
16 handled.

17 (4) A licensed charitable organization shall expend net receipts exclusively for  
18 purposes consistent with the charitable, religious, educational, literary, civic,  
19 fraternal, or patriotic functions or objectives for which the licensed charitable  
20 organization received and maintains federal tax-exempt status, or consistent with its  
21 status as a local school district, a common school, an institution of higher education,  
22 or a state college or university. No net receipts shall inure to the private benefit or  
23 financial gain of any individual.

24 (5) Accurate records and books shall be maintained by each organization exempt from  
25 licensure under KRS 238.535(1) and each licensed charitable organization for a  
26 period of three (3) years. Office staff shall have access to these records at  
27 reasonable times. Licensed charitable organizations and exempt organizations shall

1 maintain their charitable gaming records at their offices or places of business within  
2 the Commonwealth of Kentucky as identified in their license applications or  
3 applications for exempt status. An exempt organization shall submit a yearly  
4 financial report in accordance with KRS 238.535(2), and failure to file this report  
5 shall constitute grounds for revocation of the organization's exempt status.

6 (6) All licensed charitable organizations that have annual gross receipts of two hundred  
7 thousand dollars (\$200,000) or less and do not have a weekly bingo session shall  
8 report to the office annually at the time and on a form established in administrative  
9 regulations promulgated by the corporation.

10 (7) All other licensed charitable organizations shall submit reports to the office at least  
11 quarterly at the time and on a form established in administrative regulations  
12 promulgated by the corporation.

13 (8) Failure by a licensed charitable organization to file reports required under this  
14 chapter shall constitute grounds for revocation of the organization's license or  
15 denial of the organization's application to renew its license in accordance with KRS  
16 238.560~~(4)~~~~(3)~~. Reports filed by a licensed charitable organization shall include but  
17 shall not be limited to the following information:

18 (a) All gross receipts received from charitable gaming for the reporting period,  
19 classified by type of gaming activity;

20 (b) The names and addresses of all persons who are winners of prizes having a  
21 fair market value of six hundred dollars (\$600) or more;

22 (c) All expenses paid and the names and addresses of all persons to whom  
23 expenses were paid;

24 (d) All net receipts retained and the names and addresses of all charitable  
25 endeavors that received money from the net receipts; and

26 (e) Any other information the office deems appropriate.

27 (9) ~~A No~~ licensed charitable organization shall **not** incur charitable gaming expenses,

1           except as provided in this chapter. ~~A[No]~~ licensed charitable organization shall ***not***  
2           be permitted to expend amounts in excess of prevailing market rates for the  
3           following charitable gaming expenses:

- 4           (a) Charitable gaming supplies and equipment;
- 5           (b) Rent;
- 6           (c) Utilities;
- 7           (d) Insurance;
- 8           (e) Advertising;
- 9           (f) Janitorial services;
- 10          (g) Bookkeeping and accounting services;
- 11          (h) Security services;
- 12          (i) Membership dues for its participation in any charitable gaming trade  
13             organization; and
- 14          (j) Any other expenses the corporation may determine by administrative  
15             regulation to be legitimate.

16       (10) ~~A[No]~~ licensed charitable organization shall ***not*** expend receipts from charitable  
17           gaming activities nor incur expenses to form, maintain, or operate as a labor  
18           organization.

19       (11) For the purposes of deposits under subsection (2) of this section, a licensed  
20           charitable organization conducting charitable gaming events or sessions shall only  
21           be required to deposit its gross receipts and adjusted gross receipts one (1) time per  
22           week if the following conditions are met:

- 23          (a) The charitable gaming involves only games using charity game tickets;
- 24          (b) The charitable gaming is not part of a charity fundraising event; and
- 25          (c) The licensed charitable organization's deposits of gross receipts and adjusted  
26             gross receipts from charitable gaming total less than two thousand five  
27             hundred dollars (\$2,500) in the week prior to the deposit.

1       ➔SECTION 48. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO  
2 READ AS FOLLOWS:

3 (1) As used in this section:

4       (a) "Adjusted gross fantasy contest receipts" means the total sum of entry fees  
5       collected by a fantasy contest service provider from all fantasy contest  
6       participants entering a fantasy contest, less winnings paid to fantasy contest  
7       participants in the contest, multiplied by the location percentage;

8       (b) "Department" means Department of Revenue;

9       (c) "Fantasy contest service provider" has the same meaning as in Section 1 of  
10       this Act; and

11       (d) "Location percentage" means the percentage of the total entry fees for each  
12       fantasy contest collected from fantasy contest participants located in the  
13       Commonwealth divided by the total entry fees collected from all fantasy  
14       contest participants in the fantasy contest, rounded to the nearest one-tenth  
15       of one percent (0.1%).

16 (2) Beginning on July 1, 2026, the Commonwealth shall impose and collect a tax at a  
17 rate of twelve percent (12%) of the fantasy contest service provider's adjusted  
18 gross fantasy contest receipts. The accrual method of accounting shall be used  
19 for purposes of calculating the amount of tax owed by the licensee.

20 (3) The tax imposed by this section is due and payable to the department monthly and  
21 shall be remitted on or before the last day of each calendar month.

22 (4) The fantasy contest service provider's payment shall be accompanied by a return  
23 prescribed by the department indicating the amount of tax due for the previous  
24 calendar month as well as any other information the department shall require by  
25 promulgation of an administrative regulation in accordance with KRS Chapter  
26 13A.

27       ➔SECTION 49. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO

1 READ AS FOLLOWS:

2 (1) As used in this section:

3 (a) "Consumer" means a:

4 1. Kentucky resident who purchases an event contract through a  
5 prediction market; or

6 2. Person who is not a Kentucky resident who purchases an event  
7 contract through a prediction market while in Kentucky;

8 (b) "Event contract" has the same meaning as in Section 1 of this Act;

9 (c) "Gross receipts" means the total sum of transaction fees collected by a  
10 prediction market operator from all consumers;

11 (d) "Person" has the same meaning as in KRS 139.010;

12 (e) "Prediction market" has the same meaning as in Section 1 of this Act;

13 (f) "Prediction market operator":

14 1. Means a board of trade or other person, including any affiliate of the  
15 person, that operates a prediction market; and

16 2. Includes but is not limited to a person that satisfies the requirements  
17 of this section through the ownership, operation, or control of a digital  
18 distribution service, digital distribution platform, online portal, or  
19 application store where a prediction market may be accessed;

20 (g) "Speculative position" means a financial commitment made by a consumer  
21 in a prediction market; and

22 (h) "Transaction fee" means:

23 1. The fee charged by the prediction market operator to complete a sale,  
24 purchase, or trade of an event contract to a consumer; and

25 2. The amount paid by a consumer to purchase an event contract from a  
26 prediction market operator.

27 (2) An excise tax is hereby imposed on a prediction market operator at the rate of

1 fourteen and one-quarter percent (14.25%) of the prediction market operator's  
2 gross receipts. The accrual method of accounting shall be used for purposes of  
3 calculating the amount of tax owed by the prediction market operator under this  
4 subsection. Revenues generated from the tax shall be transferred to the  
5 permanent pension fund established in KRS 42.205.

6 (3) The tax imposed by subsection (2) of this section is due and payable monthly and  
7 shall be remitted to the department on or before the twentieth day of the next  
8 succeeding calendar month.

9 (4) The prediction market operator's payment shall be accompanied by a return  
10 prescribed by the department indicating the amount of tax due for the previous  
11 calendar month as well as any other information the department shall require  
12 through an administrative regulation promulgated in accordance with KRS  
13 Chapter 13A.

14 (5) Any prediction market operator who violates this section shall be subject to the  
15 uniform civil penalties imposed under KRS 131.180.

16 (6) In every case, any tax not paid on or before the due date shall bear interest at the  
17 tax interest rate as defined in KRS 131.010 from the due date until the date of  
18 payment.

19 (7) It is the purpose and intent of the General Assembly to levy taxes on persons  
20 engaged in the operations of a prediction market. It is not the intent of the  
21 General Assembly to legalize such activities.

22 ➔SECTION 50. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
23 READ AS FOLLOWS:

24 (1) The General Assembly finds and declares that:

25 (a) The Commonwealth of Kentucky is internationally recognized as the  
26 preeminent center of the Thoroughbred horse industry, serving as the  
27 breeding, sales, and racing capital of the world;

- 1        (b) The economic impact of the Thoroughbred industry in Kentucky generates  
2        billions of dollars annually, supports tens of thousands of jobs, and sustains  
3        a complex ecosystem of breeders, farms, veterinarians, sales companies, and  
4        racetracks;
- 5        (c) The integrity, accuracy, and reliability of pedigree records are foundational  
6        to the valuation, breeding, and sale of Thoroughbred horses, directly  
7        influencing market confidence and investment in the industry;
- 8        (d) A registrar of Thoroughbred horses ensures the maintenance of accurate  
9        lineage records, ownership documentation, and breeding data necessary to  
10       preserve the integrity of the breed;
- 11       (e) A registrar operating with transparency, accountability, and collaboration  
12       with breeders and industry stakeholders builds trust and confidence in the  
13       recordkeeping;
- 14       (f) Kentucky has a compelling state interest in ensuring that any registrar of  
15       Thoroughbred horses operates in a manner that promotes fairness,  
16       competition, and long-term sustainability within the industry;
- 17       (g) A registrar framework within Kentucky would further solidify the  
18       Commonwealth's role as the global standard-setter for Thoroughbred  
19       breeding, registration, and innovation; and
- 20       (h) Coordination between a registrar, breeders, and relevant regulatory or  
21       industry bodies would provide a structured mechanism for evaluating  
22       emerging issues, including breeding limits, genetic diversity, and industry  
23       best practices.
- 24       (2) For purposes of this chapter, a registrar of Thoroughbreds shall:
- 25       (a) 1. Not restrict the number of mares that can be bred to a stallion or  
26       otherwise refuse to register any foal based upon the number of mares  
27       bred to the stallion of the foal submitted for registration, unless the

- 1                   limitations have first been adopted and implemented by unanimous  
2                   consent of a vote of the representatives of the members of the  
3                   International Stud Book Committee; or  
4                   2. Not refuse to register any foal of a mare that is or seeks to be:  
5                   a. Bred in the Commonwealth of Kentucky;  
6                   b. Residing in the Commonwealth of Kentucky; or  
7                   c. Foaling in the Commonwealth of Kentucky;  
8                   if the foal would otherwise meet the registration requirements of the  
9                   Jockey Club but for the limitation set forth in subparagraph 1. of this  
10                   paragraph and the limitations have not been adopted and implemented  
11                   by the International Stud Book Committee; and  
12                   (b) Consent to the jurisdiction of the Commonwealth of Kentucky.  
13                   (3) Notwithstanding any provision of this section to the contrary, if any registrar fails  
14                   to comply with the requirements of this chapter, the corporation shall select and  
15                   utilize an entity to serve as the registrar of Kentucky Thoroughbreds.  
16                   (4) The corporation may promulgate administrative regulations in accordance with  
17                   KRS Chapter 13A to implement this section, if it is required by subsection (3) of  
18                   this section to designate an entity to serve as the registrar of Kentucky  
19                   Thoroughbreds.  
20                   (5) Any violation of subsection (2)(a) of this section shall be considered an unlawful  
21                   trade practice under KRS Chapters 365 and 367.  
22                   (6) Notwithstanding subsection (5) of this section, a party aggrieved by a registrar's  
23                   action in violation of subsection (2)(a) of this section shall have the right to seek  
24                   any applicable remedy, in law or in equity, against the registrar, as well as be  
25                   entitled to recover treble damages plus any actual damages sustained as a result  
26                   of the registrar's actions.  
27                   ➔Section 51. KRS 230.400 is amended to read as follows:

- 1 (1) (a) There is hereby created a corporate account for the Kentucky Horse Racing  
2 and Gaming Corporation, designated as the Kentucky Thoroughbred  
3 development fund, consisting of moneys allocated to the fund under the  
4 provisions of KRS 138.510, together with other moneys contributed to or  
5 allocated to the fund from all other sources.
- 6 (b) Moneys to the credit of the Kentucky Thoroughbred development fund shall  
7 be transferred in the following order:
- 8 1. One hundred thousand dollars (\$100,000) each fiscal year to the  
9 Kentucky problem gambling assistance account established in KRS  
10 230.826; and
- 11 2. Remaining moneys to the Kentucky Horse Racing and Gaming  
12 Corporation to be divided as follows:
- 13 a. At least ninety percent (90%) shall be allocated within Kentucky  
14 as set forth in this section; and
- 15 b. Up to ten percent (10%) for administration and operation of the  
16 corporation.
- 17 (c) Moneys from the Kentucky Thoroughbred development fund shall be  
18 allocated to each licensed association in an amount equal to at least ninety  
19 percent (90%) of the amount the association contributed to the fund.
- 20 (d) Moneys to the credit of the Kentucky Thoroughbred development fund at the  
21 end of each fiscal year shall not lapse, but shall be carried forward in such  
22 fund to the succeeding fiscal year.
- 23 (2) There is hereby established, under the general jurisdiction of the Kentucky Horse  
24 Racing and Gaming Corporation, a Kentucky Thoroughbred Development Fund  
25 Advisory Committee. The advisory committee shall consist of five (5) members, all  
26 of whom shall be residents of Kentucky, to be appointed by the chairman of the  
27 Kentucky Horse Racing and Gaming Corporation by July 1 of each year. The

1 committee shall consist of two (2) Thoroughbred breeders recommended by the  
2 Kentucky Thoroughbred Owners and Breeders, Inc.; one (1) Thoroughbred owner  
3 recommended by the Kentucky division of the Horsemen's Benevolent and  
4 Protective Association; one (1) officer or director of a licensed association  
5 conducting Thoroughbred racing in Kentucky, recommended by action of all of the  
6 licensed associations conducting Thoroughbred racing in Kentucky; and one (1)  
7 member of the Kentucky Horse Racing and Gaming Corporation. If any member  
8 other than the corporation member has not been recommended for appointment by  
9 July 1 of each year, the chairman of the Kentucky Horse Racing and Gaming  
10 Corporation shall make an appointment for the organization or organizations failing  
11 to recommend a member of the committee. The members of the advisory committee  
12 shall serve without compensation, but shall be entitled to reimbursement for all  
13 expenses incurred in the discharge of official business. The advisory committee  
14 shall select from its membership annually a chairman and a vice chairman.

15 (3) (a) The Kentucky Thoroughbred Development Fund Advisory Committee shall  
16 advise and assist the Kentucky Horse Racing and Gaming Corporation in the  
17 development of the supplemental purse program provided herein for  
18 Kentucky-bred Thoroughbreds, shall make recommendations to the  
19 corporation with respect to the establishment of guidelines, administrative  
20 regulations for the provision of supplemental purses, the amount thereof, the  
21 races for which the purses are to be provided and the conditions thereof,  
22 manner and method of payment of supplemental purses, registry of  
23 Thoroughbred stallions standing within the Commonwealth of Kentucky,  
24 registry of Kentucky-bred Thoroughbreds for purposes of this section, nature  
25 and type of forms and reports to be employed and required in connection with  
26 the establishment, provision for, award and payment of supplemental purses,  
27 and with respect to all other matters necessary in connection with the carrying

1 out of the intent and purposes of this section.

2 (b) The Kentucky Horse Racing and Gaming Corporation shall employ qualified  
3 personnel as may be required to assist the corporation and the advisory  
4 committee in carrying out the provisions of this section. These persons shall  
5 serve at the pleasure of the corporation and compensation for these personnel  
6 shall be fixed by the corporation.

7 (4) The Kentucky Horse Racing and Gaming Corporation, with the advice and  
8 assistance of the Kentucky Thoroughbred Development Fund Advisory Committee,  
9 shall use the Kentucky Thoroughbred development fund to promote, enhance,  
10 improve, and encourage the further and continued development of the  
11 Thoroughbred breeding industry in Kentucky by providing, out of the Kentucky  
12 Thoroughbred development fund, supplemental purses for designated stakes,  
13 handicap, allowance, nonclaiming maiden races, and claiming races contested at  
14 licensed Thoroughbred race meetings in Kentucky. The Kentucky Horse Racing  
15 and Gaming Corporation may, by administrative regulation promulgated in  
16 accordance with KRS Chapter 13A, establish the requirements, conditions, and  
17 procedures for awarding and payment of supplemental purses in designated races  
18 by Kentucky-bred Thoroughbred horses. That portion of the supplemental purse  
19 provided for any designated race shall be awarded and paid to the owner of the  
20 horse only if the horse is a Kentucky-bred Thoroughbred duly registered with the  
21 official registrar. Any portion of the supplemental purse which is not awarded and  
22 paid over shall be returned to the Kentucky Thoroughbred development fund.

23 (5) (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall  
24 mean and include only a Thoroughbred stallion standing the entire breeding  
25 season in Kentucky and registered as a Kentucky Thoroughbred stallion with  
26 the official registrar of the Kentucky Thoroughbred development fund.

27 (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term

1 "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and  
2 include only Thoroughbred horses sired by Kentucky Thoroughbred stallions  
3 foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the  
4 official registrar of the Kentucky Thoroughbred development fund.

5 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a  
6 Kentucky-bred Thoroughbred for purposes of this section if the horse was  
7 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud  
8 within Kentucky at the time of conception of such Thoroughbred, provided  
9 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with  
10 the official registrar of the Kentucky Thoroughbred development fund.

11 (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to  
12 demand, claim, and receive a portion of a supplemental purse provided by the  
13 Kentucky Thoroughbred development fund, the Thoroughbred horse in a  
14 designated race for which a supplemental purse has been provided by the  
15 Kentucky Thoroughbred development fund shall have been duly registered as  
16 a Kentucky-bred Thoroughbred with the official registrar of the Kentucky  
17 Thoroughbred development fund prior to entry in the race.

18 (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and  
19 designated as the sole official registrar of the Kentucky Thoroughbred  
20 development fund for the purposes of registering Kentucky Thoroughbred  
21 stallions and Kentucky-bred Thoroughbreds in accordance with the terms of  
22 this section and any administrative regulations promulgated by the Kentucky  
23 Horse Racing and Gaming Corporation. When a Kentucky-bred  
24 Thoroughbred is registered with the official registrar, the registrar shall be  
25 authorized to stamp the ~~Jockey Club~~ certificate issued for the Thoroughbred  
26 with the seal of the registrar, certifying that the Thoroughbred is a duly  
27 qualified and registered Kentucky-bred Thoroughbred for purposes of this

1 section. The registrar may establish and charge, with the approval of the  
2 corporation, reasonable registration fees for its services in the registration of  
3 Kentucky Thoroughbred stallions and in the registration of Kentucky-bred  
4 Thoroughbreds. Registration records of the registrar shall be public records  
5 and open to public inspection at all normal business hours and times.

6 (b) Any interested party aggrieved by the failure or refusal of the official registrar  
7 to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-  
8 bred Thoroughbred shall have the right to file with the registrar, within thirty  
9 (30) days of such failure or refusal of the registrar, a petition seeking  
10 registration of the Thoroughbred. The corporation shall promptly hear the  
11 matter de novo and issue its order directing the official registrar to register or  
12 not to register as it may be determined by the registrar.

13 (7) The Kentucky Horse Racing and Gaming Corporation may promulgate  
14 administrative regulations to carry out the provisions and purposes of this section,  
15 including the promulgation of administrative regulations and forms for the proper  
16 registration of Kentucky stallions and Kentucky-bred Thoroughbreds with the  
17 official registrar, and shall administer the Kentucky-bred Thoroughbred program  
18 created hereby in a manner best designed to promote and aid in the further  
19 development of the Thoroughbred breeding industry in Kentucky, to upgrade the  
20 quality of Thoroughbred racing in Kentucky, and to improve the quality of  
21 Thoroughbred horses bred in Kentucky.

22 ➔Section 52. KRS 230.811 is amended to read as follows:

23 (1) Except as provided in KRS 230.805(6), no person shall conduct, manage, or offer to  
24 conduct sports wagering within the Commonwealth of Kentucky without obtaining  
25 a license from the corporation.

26 (2) As a prerequisite to obtaining a sports wagering license, a person shall be licensed  
27 as an association under KRS 230.300. If sports wagering is conducted by the track

1 that chooses not to contract with a service provider, it shall comply with the  
2 standards established by the corporation for service providers to ensure the integrity  
3 of the system of sports wagering before conducting sports wagering in the  
4 Commonwealth.

5 (3) In addition to the requirement in subsection (2) of this section, an initial fee of five  
6 hundred thousand dollars (\$500,000) shall be paid to the corporation before a sports  
7 wagering license may be issued to a track.

8 (4) An annual renewal fee of fifty thousand dollars (\$50,000) shall be required for each  
9 sports wagering license.

10 (5) (a) A track or association shall not manage or offer to conduct fixed-odds  
11 wagering within the Commonwealth of Kentucky without obtaining a  
12 supplemental license from the corporation.

13 (b) An initial fee of two thousand five hundred dollars (\$2,500) shall be paid to  
14 the corporation before a supplemental license may be issued to a track or  
15 association.

16 (c) An annual renewal fee of two thousand five hundred dollars (\$2,500) shall  
17 be required for a supplemental license.

18 (6) Licensing fees under this section shall be paid to the corporation.

19 ➔Section 53. KRS 230.990 is amended to read as follows:

20 (1) Any person who violates KRS 230.070 or KRS 230.080(3) shall be guilty of a Class  
21 D felony.

22 (2) Any person who violates KRS 230.090 shall be guilty of a Class A misdemeanor.

23 (3) Any person who violates KRS 230.680 shall be guilty of a Class A misdemeanor.

24 (4) Any person who refuses to make any report or to turn over sums as required by  
25 KRS 230.361 to 230.373 shall be guilty of a Class A misdemeanor.

26 (5) Any person failing to appear before the corporation at the time and place specified  
27 in the summons issued pursuant to KRS 230.260(12), or refusing to testify, shall be

1 guilty of a Class B misdemeanor. False swearing on the part of any witness shall be  
2 deemed perjury and punished as such.

3 (6) (a) A person is guilty of tampering with or interfering with a horse race when,  
4 with the intent to influence the outcome of a horse race, he or she uses any  
5 device, material, or substance not approved by the Kentucky Horse Racing  
6 and Gaming Corporation on or in any participant involved in or eligible to  
7 compete in a horse race to be viewed by the public.

8 (b) Any person who, while outside the Commonwealth and with intent to  
9 influence the outcome of a horse race contested within the Commonwealth,  
10 tampers with or interferes with any equine participant involved in or eligible  
11 to compete in a horse race in the Commonwealth is guilty of tampering with  
12 or interfering with a horse race.

13 (c) Tampering with or interfering with a horse race is a Class C felony.

14 (7) Any participant who wagers on a sporting event in violation of KRS 230.820 or  
15 participates in a fantasy contest in violation of Section 10 of this Act is guilty of a  
16 Class A misdemeanor.

17 (8) Any person tampering with the outcome of a sporting event in violation of KRS  
18 230.820 or a fantasy contest in violation of Section 10 of this Act is guilty of a  
19 Class C felony.

20 ➔Section 54. The Kentucky Horse Racing and Gaming Corporation shall present  
21 a status report on the purse stabilization fund established in Section 14 of this Act no later  
22 than November 30, 2027, to the Interim Joint Committee on Licensing, Occupations, and  
23 Administrative Regulations, to include the amount:

24 (1) Received in the fund; and

25 (2) Of moneys bet in fixed-odds wagering on horse racing versus all other  
26 sporting events.

27 ➔SECTION 55. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO

1 READ AS FOLLOWS:

- 2 (1) As used in this section, "suspicious wagering activity" means unusual wagering  
3 activity that cannot be otherwise explained and is indicative of match fixing, the  
4 manipulation of an event, misuse of inside information, or other prohibited  
5 activity.
- 6 (2) Sports wagering licensees and service providers may limit the size or frequency of  
7 deposits or wagers of any person engaging in sports wagering due to that person's  
8 wagering activity if the wagering activity:
- 9 (a) Constitutes suspicious wagering activity; or  
10 (b) Indicates that a person is a problem or compulsive gambler.
- 11 (3) Sports wagering licensees and service providers shall accept any deposit or wager  
12 up to one thousand dollars (\$1,000), except that sports wagering licensees and  
13 service providers may restrict or deny any deposits or wagers under the following  
14 circumstances:
- 15 (a) The person seeking to make the deposit or wager to engage in sports  
16 wagering has already deposited or wagered five thousand dollars (\$5,000)  
17 or more while engaging in sports wagering on the same day;
- 18 (b) If successful, the deposit or wager would result in a payout of one million  
19 dollars (\$1,000,000) or more; or
- 20 (c) The deposit or wager qualifies under subsection (2) of this section.
- 21 (4) If a person is limited or banned, a sports wagering licensee or service provider  
22 shall send that person an electronic notification within twenty-four (24) hours of  
23 issuing the limit or ban to include:
- 24 (a) The manner in which a person is being restricted;  
25 (b) An explanation of why the person is being limited or banned, including  
26 specifying if the restriction is for suspicious wagering activity or problem  
27 gambling;

1 (c) The duration of the limit or ban;

2 (d) Directions on how to appeal a limit or ban under subsection (5) of this  
3 section; and

4 (e) A link to the Kentucky Cabinet for Health and Family Services problem  
5 gambling program resources webpage if the limit or ban is due to problem  
6 gambling.

7 (5) Sports wagering licensees and service providers shall:

8 (a) Establish an appeal process for a person that has been limited or banned  
9 under this section; and

10 (b) Notify that person of the determination of an appeal within one (1) week of  
11 the appeal being submitted.

12 ➔Section 56. (1) The General Assembly finds that:

13 (a) The long-term viability, genetic diversity, and soundness of the Thoroughbred  
14 industry are matters of substantial economic and cultural importance to the  
15 Commonwealth of Kentucky; and

16 (b) Advances in genomic science and data analysis present an opportunity to  
17 better understand breeding practices and their impacts on equine health, performance, and  
18 sustainability.

19 (2) The Jockey Club, Thoroughbred breeders of varying sizes located within and  
20 outside the Commonwealth of Kentucky, and recognized international stud book  
21 authorities, including but not limited to entities responsible for maintaining international  
22 Thoroughbred registries, shall collaborate with and engage with each other to consider  
23 matters as set forth in this section.

24 (3) The scope shall include:

25 (a) Genomic surveillance within the Thoroughbred breeding industry, including  
26 the identification of heritable conditions, soundness issues, and other genetic risk factors,  
27 if any;

1 (b) The extent to which current breeding practices, including the concentration of  
2 breeding among high-demand stallions, may impact genetic diversity, durability, and  
3 overall herd health;

4 (c) Data derived from domestic and international stud books, breeding registries,  
5 veterinary research, and academic studies relevant to equine genetics and breeding  
6 outcomes;

7 (d) Whether industry conditions warrant consideration of limitations or caps on  
8 the number of mares to which a single stallion may be bred during a breeding season, and  
9 the potential economic, legal, and international implications of any such limitations; and

10 (e) Best practices from other jurisdictions, breeds, or international models  
11 regarding genetic management and breeding limits.

12 (4) The effort shall:

13 (a) Include input from breeders of varying sizes, owners, veterinarians,  
14 geneticists, academic researchers, and industry stakeholders;

15 (b) Provide for consultation with international organizations responsible for  
16 Thoroughbred registry standards and stud book harmonization; and

17 (c) Be conducted in a manner that ensures data integrity, confidentiality where  
18 appropriate, and transparency of methodology.

19 (5) This section shall not be construed to require the adoption of genomic  
20 surveillance measures or the imposition of breeding caps, but rather to ensure a  
21 comprehensive consideration of both the attributes and limitations associated with such  
22 measures.

23 (6) On or before December 1, 2026, the parties shall submit a written report to the  
24 Interim Joint Committee on Licensing, Occupations, and Administrative Regulations to  
25 include:

26 (a) Factors considered as part of the effort;

27 (b) The feasibility and advisability of genomic surveillance;

1 (c) Analysis of the potential need for, and impacts of, any cap on stallion  
2 breeding; and

3 (d) Recommendations for legislative or regulatory action, if any.

4 ➔Section 57. If any provision of this Act or the application thereof to any person  
5 or circumstance is held invalid, the invalidity shall not affect other provisions or  
6 applications of the Act that can be given effect without the invalid provision or  
7 application, and to this end the provisions of this Act are severable.

8 ➔Section 58. Sections 1 to 54 of this Act may be cited as the Wagering Consumer  
9 Protection Act.