

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) (a) "Athlete" means a professional or amateur competitor in a sporting event**

1 or an organized video game competition that is:

2 1. Regulated by a governing body; and

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

4 (b) "Athlete" includes equine competitors;

5 ~~(8)~~~~(7)~~ "Charitable gaming" means gaming licensed by the corporation on and after  
6 July 1, 2025, as authorized under this chapter and KRS Chapter 238;

7 ~~(9)~~~~(8)~~ "Corporation" means the Kentucky Horse Racing and Gaming Corporation;

8 (10) "Entry fee" means the cash or cash equivalent that is required to be paid by a  
9 fantasy contest participant to a fantasy contest operator in order to participate in  
10 a fantasy contest;

11 (11) "Event contract" means:

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

14 (b) A speculative position based on:

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

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

19 (12) (a) "Fantasy contest" means any fantasy or simulated game or contest that  
20 meets the following conditions:

21 1. The values of all prizes and awards offered to winning participants are  
22 made known to the participants in advance of the contest;

23 2. All winning outcomes reflect the relative knowledge and skill of the  
24 participant;

25 3. The participant assembles, owns, or manages a fictional entry or  
26 roster of actual athletes;

27 4. A winning outcome is:

- 1                    a. Determined solely by clearly established scoring criteria;
- 2                    b. Based on one (1) or more statistical results of the performance of
- 3                    an individual athlete, including but not limited to a fantasy
- 4                    score; and
- 5                    c. Not based:
- 6                    i. On the score, point spread, or any performance or
- 7                    performances of any single actual team or combination of
- 8                    teams; or
- 9                    ii. Solely on any single performance of an individual athlete
- 10                   or participant in any single actual event; and
- 11                   5. The game or contest does not violate any provision of federal law.
- 12                   (b) "Fantasy contest" includes contests in which:
- 13                   1. Participants compete against each other; or
- 14                   2. Only a single participant competes against a target score set by the
- 15                   fantasy contest operator.
- 16                   (c) "Fantasy contest" does not include any fantasy contest without an entry
- 17                   fee;
- 18                   (13) (a) "Fantasy contest operator" or "operator" means a person who offers or
- 19                   administers one (1) or more fantasy contests with an entry fee to the general
- 20                   public, and awards a prize of value.
- 21                   (b) "Fantasy contest operator" does not include an internet service provider or
- 22                   a provider of mobile data services merely as a result of that provider's
- 23                   transporting of general traffic that may include a fantasy contest;
- 24                   (14) (a) "Fantasy contest participant" or "participant" means:
- 25                   1. A Kentucky resident who participates in a fantasy contest offered by a
- 26                   fantasy contest operator; or
- 27                   2. A person who is not a Kentucky resident who participates in a fantasy

1 contest offered by a fantasy contest operator while in Kentucky;

2 (b) "Fantasy contest participant" does not include a person who only performs  
3 the following actions:

4 1. Setting house rules for a contest;

5 2. Assigning a salary or target score to any eligible athlete or player;

6 3. Accepting an entry fee from a fantasy contest participant; or

7 4. Awarding or disbursing prizes;

8 (15) "Fixed-odds wagering" means a form of betting in which the payout odds are set  
9 and agreed upon at the time the wager is placed, and those odds do not change,  
10 regardless of subsequent market movement or betting activity;

11 (16)~~(9)~~ "Geofence" means a virtual geographic boundary defined by Global  
12 Positioning System (GPS) or Radio Frequency Identification (RFID) technology;

13 (17)~~(10)~~ "Harness race" or "harness racing" means trotting and pacing races of the  
14 standardbred horses;

15 (18)~~(11)~~ "Horse race meeting" means horse racing run at an association licensed and  
16 regulated by the Kentucky Horse Racing and Gaming Corporation, and may include  
17 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;

18 (19)~~(12)~~ "Host track" means the track conducting racing and offering its racing for  
19 intertrack wagering, or, in the case of interstate wagering, means the Kentucky  
20 track conducting racing and offering simulcasts of races conducted in other states or  
21 foreign countries;

22 (20)~~(13)~~ "Interstate wagering" means pari-mutuel wagering on simulcast horse races  
23 from a track located in another state or foreign country by patrons at a receiving  
24 track or simulcast facility;

25 (21)~~(14)~~ "Intertrack wagering" means pari-mutuel wagering on simulcast horse races  
26 from a host track by patrons at a receiving track;

27 (22)~~(15)~~ "Kentucky paint horse, Appaloosa, and Arabian purse fund" means a purse

1 fund established to receive funds as specified in KRS 230.3771 for purse programs  
2 established in KRS 230.446 to supplement purses for paint horse, Appaloosa, and  
3 Arabian horse races. The purse program shall be administered by the Kentucky  
4 Horse Racing and Gaming Corporation;

5 ~~(23)~~~~(16)~~ "Kentucky quarter horse purse fund" means a purse fund established to  
6 receive funds as specified in KRS 230.3771 for purse programs established in KRS  
7 230.407 to supplement purses for quarter horse races. The purse program shall be  
8 administered by the Kentucky Horse Racing and Gaming Corporation;

9 ~~(24)~~~~(17)~~ "Kentucky resident" means:

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

17 ~~(25)~~~~(18)~~ "Licensed facility for sports wagering" means the designated areas to conduct  
18 sports wagering for a track licensed to conduct sports wagering pursuant to KRS  
19 230.811;

20 ~~(26)~~~~(19)~~ "Licensed premises" means a track or simulcast facility licensed by the  
21 corporation under this chapter;

22 ~~(27)~~~~(20)~~ "Paint horse" means a horse registered with the American Paint Horse  
23 Association of Fort Worth, Texas;

24 ~~(28)~~~~(21)~~ "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutuel  
25 wagering" each means any method of wagering previously or hereafter approved by  
26 the corporation in which one (1) or more patrons wager on a horse race or races,  
27 whether live, simulcast, or previously run. Wagers shall be placed in one (1) or

1 more wagering pools, and wagers on different races or sets of races may be pooled  
2 together. Patrons may establish odds or payouts, and winning patrons share in  
3 amounts wagered including any carryover amounts, plus any amounts provided by  
4 an association less any deductions required, as approved by the corporation and  
5 permitted by law. Pools may be paid out incrementally over time as approved by  
6 the corporation;

7 ~~(29)~~~~(22)~~ "Person" means an individual, sole proprietorship, partnership, association,  
8 fiduciary, corporation, limited liability company, or any other business entity;

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

10 **(a) Means:**

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

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

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

18 ~~(31)~~~~(23)~~ "President" means the president of the Kentucky Horse Racing and Gaming  
19 Corporation, who shall serve as chief executive officer of the corporation;

20 ~~(32)~~~~(24)~~ "Principal" means any of the following individuals associated with a  
21 partnership, trust, association, limited liability company, or corporation that is  
22 licensed to conduct a horse race meeting or an applicant for a license to conduct a  
23 horse race meeting:

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

25 (b) All partners of a partnership and all participating members of a limited  
26 liability company;

27 (c) All trustees and trust beneficiaries of an association;

- 1 (d) The president or chief executive officer and all other officers, managers, and  
2 employees who have policymaking or fiduciary responsibility within the  
3 organization;
- 4 (e) All stockholders or other individuals who own, hold, or control, either directly  
5 or indirectly, five percent (5%) or more of stock or financial interest in the  
6 collective organization; and
- 7 (f) Any other employee, agent, guardian, personal representative, or lender or  
8 holder of indebtedness who has the power to exercise a significant influence  
9 over the applicant's or licensee's operation;

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

11 **(a) A person who has self-excluded under Section 9 of this Act; or**

12 **(b) An athlete, coach, referee, trainer, team staff or other active participant in**  
13 **the sporting event or competition when the fantasy contest entry includes**  
14 **athlete selections from a sporting event overseen by the same governing**  
15 **body which oversees the athlete, coach, referee, trainer, or team staff in**  
16 **question;**

17 **(34)**~~(25)~~ "Proof of wagers" includes any paper, card, certificate, token, or ticket, which  
18 indicates the details of one (1) or more pari-mutuel wagers that were placed and, if  
19 such wagers are successful, that winnings are due to the ticket holder from the  
20 track;

21 **(35)**~~(26)~~ "Quarter horse" means a horse that is registered with the American Quarter  
22 Horse Association of Amarillo, Texas;

23 **(36)**~~(27)~~ "Receiving track" means a track where simulcasts are displayed for wagering  
24 purposes. A track that submits an application for intertrack wagering shall meet all  
25 the regulatory criteria for granting an association license of the same breed as the  
26 host track, and shall have a heated and air-conditioned facility that meets all state  
27 and local life safety code requirements and seats a number of patrons at least equal

1 to the average daily attendance for intertrack wagering on the requested breed in the  
2 county in which the track is located during the immediately preceding calendar  
3 year;

4 (37)~~[(28)]~~ "Simulcast facility" means any facility approved pursuant to KRS 230.380 to  
5 simulcast live racing and conduct pari-mutuel wagering on live racing;

6 (38)~~[(29)]~~ "Simulcasting" means the telecast of live audio and visual signals of horse  
7 races for the purpose of pari-mutuel wagering;

8 (39)~~[(30)]~~ "Sporting event" means an event at which two (2) or more persons participate  
9 in athletic contests, or an event that takes place in relation to athletic contests as  
10 approved by the corporation, but shall not include ~~horse racing or~~ amateur youth  
11 sports or athletic events in which the majority of participants are under the age of  
12 eighteen (18) years;

13 (40)~~[(31)]~~ "Sports governing body" means the organization, league, or association that  
14 oversees a sport, prescribes final rules, and enforces codes of conduct with respect  
15 to such sport and participants therein;

16 (41)~~[(32)]~~ "Sports wagering" means the wagering conducted under this chapter on  
17 sporting events or portions of sporting events, or on the individual performance  
18 statistics of athletes in a sporting event or combination of sporting events, in  
19 conformance with federal law and as authorized by the corporation pursuant to this  
20 chapter;

21 (42)~~[(33)]~~ "Sports wagering device":

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

25 (b) Includes a personal computer, mobile device, or other device used in  
26 connection with sports wagering not conducted at a licensed facility for sports  
27 wagering;

1 ~~(43)~~~~(34)~~ "Sports wagering service provider" or "service provider" means a person  
2 authorized to conduct or manage sports wagering through an agreement with a track  
3 and provide these services at a licensed facility for sports wagering, simulcast  
4 facility, or through a website or mobile interface approved by the corporation;

5 ~~(44)~~~~(35)~~ "Telephone account wagering" means a form of pari-mutuel wagering where  
6 an individual may deposit money in an account at a track and may place a wager by  
7 direct telephone call or by communication through other electronic media owned by  
8 the holder of the account to the track;

9 ~~(45)~~~~(36)~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing  
10 in which each horse participating in the race is a Thoroughbred, (i.e., meeting the  
11 requirements of and registered with The Jockey Club of New York) and is mounted  
12 by a jockey;

13 ~~(46)~~~~(37)~~ "Track" means any association duly licensed by the Kentucky Horse Racing  
14 and Gaming Corporation to conduct horse racing and includes:

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

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

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

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

26 2. Not within a sixty (60) mile radius of another licensed track premise  
27 where live racing is conducted and not within a forty (40) mile radius of

1 a simulcast facility, unless any affected track or simulcast facility agrees  
 2 in writing to permit a noncontiguous facility within the protected  
 3 geographic area;

4 ~~(47)~~~~(38)~~ "Unclaimed pari-mutuel winning ticket":

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

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

9 ~~(48)~~~~(39)~~ "Unredeemed pari-mutuel voucher":

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

14 (b) Does not include:

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

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

21 **(1) The corporation shall promulgate administrative regulations in accordance with**  
 22 **KRS Chapter 13A to govern the operation of fantasy contests and enforce**  
 23 **Sections 3 to 9 of this Act, but the corporation shall not promulgate**  
 24 **administrative regulations limiting or regulating the:**

25 **(a) Statistical makeup of a fantasy contest or contests; or**

26 **(b) Digital platform of an operator.**

27 **(2) The corporation shall:**

- 1        (a) Regulate the conduct of fantasy contest operators;  
2        (b) Promulgate administrative regulations to regulate fantasy contests no later  
3                than one hundred eighty (180) days after the effective date of this Act;  
4        (c) Require the use of geolocation technology to verify that a participant is not  
5                entering fantasy contests from a restricted jurisdiction; and  
6        (d) Exercise any other powers necessary to enforce the provisions of Sections 3  
7                to 9 of this Act.

- 8        (3) The corporation and fantasy contest operators may cooperate with investigations  
9                conducted by law enforcement agencies, including but not limited to providing  
10                and facilitating the provision of account level entry and participation  
11                information.

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

14        Fantasy contest operators shall:

- 15        (1) Implement procedures to prevent fraud, abuse, and money laundering;  
16        (2) Establish technical and operational measures to prevent underage participation  
17                in a fantasy contest;  
18        (3) Deploy identity verification procedures, which may require the use of a reputable  
19                independent third party that can:  
20                (a) Verify a person's personally identifiable information; and  
21                (b) Detect potential prohibited participants;  
22        (4) Employ mechanisms on the operator's platform that are designed to detect and  
23                prevent:  
24                (a) Unauthorized accounts;  
25                (b) Fraud;  
26                (c) Money laundering; and  
27                (d) Collusion; and

1 (5) Make all reasonable efforts to promptly notify the corporation of:

2 (a) A confirmed breach of the relevant sport's governing body's internal rules  
 3 and codes of conduct, if provided to the fantasy contest operator, pertaining  
 4 to participation in real-money fantasy contests;

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

7 (c) Confirmed illegal activities, including use of funds derived from illegal  
 8 activity, entries to conceal or launder funds derived from illegal activity,  
 9 multi-accounting, and using false identification.

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

12 (1) Except as otherwise provided in this section, a person shall not offer fantasy  
 13 contests in the Commonwealth unless the person is licensed by the corporation as  
 14 a fantasy contest operator.

15 (2) An applicant for a fantasy contest operator license shall:

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

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

20 1. Furnished by the applicant's director, officer, key employee, or  
 21 individual owner of five percent (5%) or more of the fantasy contest  
 22 operator; and

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

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

27 (3) The corporation may require additional background checks on fantasy contest

1 operators when an operator submits a renewal application.

2 (4) This section shall not require a fantasy contest operator applicant or person who  
3 has submitted to a national criminal history record check in Kentucky or any  
4 other state within the twelve (12) months prior to submitting the application to  
5 resubmit to another record check if the fantasy contest operator applicant or  
6 person submits the results of the previous record check and affirms there has  
7 been no material change since the previous record check.

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

10 (a) The fantasy contest operator's name;

11 (b) The location of the operator's principal place of business;

12 (c) The operator's contact information;

13 (d) The operator's Social Security number or, if applicable, federal employer  
14 identification number;

15 (e) The name and address of each person that holds a five percent (5%) or  
16 more ownership interest or shares in the fantasy contest operator;

17 (f) The operator's criminal record or, if the operator is a business entity, any  
18 criminal record of a person who is a director, officer, or key employee of the  
19 applicant or any person who has a five percent (5%) or more ownership  
20 interest in the fantasy contest operator;

21 (g) Documentation identifying the following from the operator, or any director,  
22 officer, key employee, or individual owner of five percent (5%) or more of  
23 the fantasy contest operator that has:

24 1. Any ownership interest in a business that is or was a fantasy contest  
25 operator or similar entity in any jurisdiction;

26 2. An equity interest of five percent (5%) or more in any business of the  
27 fantasy contest operator. If a business has been identified under this

1                   subparagraph, documentation shall be provided showing the state in  
2                   which the business is incorporated or registered, if applicable;

3                   3. Ever applied for or been granted any license, registration, or  
4                   certificate issued by a licensing authority in Kentucky or any other  
5                   jurisdiction for a gaming activity; and

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

11                  (h) Information sufficient to show, as determined by the corporation, that the  
12                  operator can meet the requirements of Sections 3 to 9 of this Act.

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

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

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

26                   1. A felony;

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

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

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

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

8           (1) As part of its submission for licensure or renewal, a fantasy contest operator  
9           applicant shall:

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

12           (b) Annually contract with a testing laboratory, certified public accountant, or  
13           another professional service provider recognized by the corporation to verify  
14           compliance with Sections 3 to 9 of this Act; and

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

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

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

23           (1) Notwithstanding any provision of law to the contrary, the operation of fantasy  
24           contests is only lawful when conducted in accordance with Sections 3 to 9 of this  
25           Act.

26           (2) Any participant of a fantasy contest shall be at least twenty-one (21) years old.

27           (3) (a) A fantasy contest operator may only accept an entry from a person

- 1           physically located in the Commonwealth.
- 2           **(b) A fantasy contest operator shall use a geolocation system to ensure that a**
- 3           **participant is physically present in the Commonwealth when submitting an**
- 4           **entry unless otherwise authorized by the corporation.**
- 5           **(4) (a) Sections 3 to 9 of this Act shall be construed liberally to promote the general**
- 6           **welfare of the public and integrity of the fantasy contest industry.**
- 7           **(b) The corporation shall not in any way limit or restrict the types of fantasy**
- 8           **contests allowed by labeling any fantasy contests as sports wagering.**
- 9           **(5) A licensed fantasy contest operator shall not be forced to surrender or terminate a**
- 10           **license prior to the date of expiration of the license solely by virtue of a change in**
- 11           **the qualifications for licensure under Sections 3 to 9 of this Act.**

12           ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO

13 READ AS FOLLOWS:

- 14           **(1) The corporation shall investigate all reasonable allegations of prohibited conduct**
- 15           **and refer any allegations it deems credible to the appropriate law enforcement**
- 16           **agency.**
- 17           **(2) The identity of any reporting person shall remain confidential unless that person**
- 18           **authorizes disclosure of the person's identity or until the allegation of prohibited**
- 19           **conduct is referred to law enforcement.**
- 20           **(3) If the corporation receives a complaint of prohibited conduct by an athlete, the**
- 21           **corporation shall notify the appropriate sports governing body of the athlete to**
- 22           **review the complaint as provided by the corporation.**
- 23           **(4) The corporation shall promulgate administrative regulations in accordance with**
- 24           **KRS Chapter 13A to govern investigations of prohibited conduct and referrals to**
- 25           **law enforcement agencies.**

26           ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO

27 READ AS FOLLOWS:

1 (1) A fantasy contest operator that was offering contests to persons located in this  
2 Commonwealth before the effective date of this Act may continue to offer contests  
3 to persons located in this Commonwealth until the operator's application has  
4 been approved or denied if the operator submits an application for licensure with  
5 the corporation within ninety (90) days after the corporation promulgates  
6 administrative regulations to effectuate Sections 3 to 9 of this Act.

7 (2) (a) Licenses issued by the corporation shall remain in effect for one (1) year.  
8 The corporation shall promulgate administrative regulations in accordance  
9 with KRS Chapter 13A to establish a process for renewal.

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

14 (3) A fantasy contest operator applying for a license or renewal of a license may  
15 operate during the application period unless the corporation:

16 (a) Has reasonable cause to believe that the fantasy contest operator is or may  
17 be in violation of a provision of Sections 3 to 9 of this Act; and

18 (b) Requires the fantasy contest operator to suspend the operation of any  
19 fantasy contests until the license or renewal of a license is issued.

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

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

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 operator.

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           **operator shall report to the corporation, at a minimum, the name of the self-**  
7           **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 operator shall not pay any prize or award to a person who is on**  
10           **the corporation's self-exclusion list. Any prize or award won by a person on the**  
11           **self-exclusion list is forfeited and shall be donated by the fantasy contest operator**  
12           **to the problem gaming charities or programs as identified and directed by the**  
13           **corporation on a quarterly basis by the twenty-fifth day of the following month.**

14           **(5) A fantasy contest operator shall develop and maintain a program to mitigate and**  
15           **curtail compulsive play, which may be conducted in conjunction with the**  
16           **corporation.**

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

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

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

24           **(3) The amounts deposited in the fund:**

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

27           **(b) Shall not be used except as the corporation determines is reasonably**

1                    necessary to supplement purses at live horse racing meets in an amount not  
 2                    to exceed ten percent (10%) of the fund.

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

5                    ➔Section 11. KRS 138.552 is amended to read as follows:

6                    (1) As used in this section:

7                    (a) "Adjusted gross revenue" means the total sum of wagers collected on all  
 8                    sporting events, less winnings paid to participants in the contest and all excise  
 9                    taxes paid pursuant to federal law;

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

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

12                    (d) "Sporting event" has the same meaning as in KRS 230.210;

13                    ~~(e)(d)~~ "Sports wagering" has the same meaning as in KRS 230.210; and

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

15                    (2) An excise tax is imposed on persons licensed to conduct sports wagering under  
 16                    KRS 230.811 and 230.814 at a rate of:

17                    (a) Nine and three-quarters percent (9.75%) on the adjusted gross revenue on  
 18                    wagers placed at the licensed track;~~and~~

19                    (b) Fourteen and one-quarter percent (14.25%) on the adjusted gross revenue on  
 20                    wagers placed online via websites or mobile applications or other off-site  
 21                    technology approved by the Kentucky Horse Racing and Gaming  
 22                    Corporation; and

23                    (c) Fifteen percent (15%) on the adjusted gross revenue of fixed-odds  
 24                    wagers on live horse racing placed at the licensed track and online via  
 25                    websites or mobile applications or other off-site technology approved by the  
 26                    Kentucky Horse Racing and Gaming Corporation.

27                    (3) The excise taxes imposed in:

1        (a) Subsection (2)(a) and (b) of this section~~[and]~~ shall be  
 2        transferred~~[appropriated]~~ to the sports wagering administration fund  
 3        established in KRS 230.817 and appropriated for the purposes established in  
 4        that section; and

5        (b) Subsection (2)(c) of this section shall be transferred to the purse  
 6        stabilization fund established in Section 10 of this Act and appropriated for  
 7        the purposes established in that section.

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

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

19       ~~(6)~~~~(5)~~ (a) Payment shall be accompanied by a return prescribed by the department.

20       (b) The return form shall report, at a minimum, excluding fixed-odds wagering:  
 21       1. The total sum of wagers collected in person and electronically through a  
 22       mobile application;  
 23       2. Winnings paid in person and electronically through a mobile  
 24       application;  
 25       3. Adjusted gross revenue in person and electronically through a mobile  
 26       application;  
 27       4. Tax rates applied to adjusted gross revenue in person and electronically

1 through a mobile application;

2 5. The tax due from adjusted gross revenues in person and electronically  
3 through a mobile application;

4 6. Federal excise taxes paid; and

5 7. The total wagering tax due.

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

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

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

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

20 ➔Section 12. KRS 230.215 is amended to read as follows:

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

27 (b) Further, it is the policy and intent of the Commonwealth to foster and to

1 encourage the business of legitimate horse racing with pari-mutuel wagering  
2 thereon in the Commonwealth on the highest possible plane. Further, it hereby  
3 is declared the policy and intent of the Commonwealth that all racing not  
4 licensed under this chapter is a public nuisance and may be enjoined as such.

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

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

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

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

1 with applicable law.

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

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

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

- 1 (d) In addition, it is hereby declared the purpose and intent of this chapter to vest  
2 in the corporation exclusive jurisdiction over charitable gaming in the  
3 Commonwealth, with power to promulgate administrative regulations  
4 prescribing conditions under which all charitable gaming is to be conducted.
- 5 (e) 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 charitable gaming facilities or any part thereof any person,  
8 licensed or unlicensed, whose conduct or reputation is such that his or her  
9 presence at a charitable gaming facility may, in the opinion of the corporation,  
10 reflect on the honesty and integrity of charitable gaming or interfere with the  
11 orderly conduct of charitable gaming.

12 ➔Section 13. KRS 230.225 is amended to read as follows:

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

1 Assembly, and the people of the Commonwealth.

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

- 1        (e) Charitable gaming~~[ on and after July 1, 2025];~~
- 2        ~~(f)~~~~(e)~~ Breed integrity and development; and
- 3        ~~(g)~~~~(f)~~ Related activities within the Commonwealth of Kentucky.
- 4        (4) (a) The corporation shall establish and maintain a general office for the
- 5                transaction of its business and may, in its discretion, establish a branch office
- 6                or offices.
- 7        (b) The corporation may hold meetings at any of its offices or at any other place
- 8                at its convenience.
- 9        (c) A majority of the voting members of the corporation shall constitute a quorum
- 10                for the transaction of its business or exercise of any of its powers.
- 11        (5) Except as otherwise provided, the corporation shall be responsible for the
- 12                following:
- 13                (a) Developing and implementing programs designed to ensure the safety and
- 14                well-being of horses, jockeys, and drivers;
- 15                (b) Developing programs and procedures that will fulfill its oversight and
- 16                regulatory role on such matters as medical practices and integrity issues;
- 17                (c) Recommending tax incentives and implementing incentive programs to ensure
- 18                the strength and growth of the equine industry;
- 19                (d) Designing and implementing programs that strengthen the ties between
- 20                Kentucky's horse industry and the state's universities, with the goal of
- 21                significantly increasing the economic impact of the horse industry on
- 22                Kentucky's economy, improving research for the purpose of promoting the
- 23                enhanced health and welfare of the horse, and other related industry issues;
- 24                (e) Developing and supporting programs which ensure that Kentucky remains in
- 25                the forefront of equine research;
- 26                (f) Designing and implementing programs that support and ensure breed integrity
- 27                and development;

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

1 regulations.

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

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

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

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

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

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

26 (8) Meetings of the corporation through its board of directors shall be open to the  
27 public in accordance with KRS 61.800 to 61.850 unless the exceptions set forth in

1 KRS 61.810 apply or the meeting addresses trade secrets, confidential or  
2 proprietary information, or operational security issues as described in subsection  
3 (7)(c) of this section. If this is the case, the corporation may meet in closed session  
4 and shall follow the procedures set forth in KRS 61.815.

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

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

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

17 (11) On July 1, 2024:

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

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

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

26 (12) On July 1, 2025:

27 (a) The office regulating charitable gaming in the Kentucky Horse Racing and

1 Gaming Corporation shall assume all responsibilities of the Department of  
2 Charitable Gaming;

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

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

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

11 (a) Regulate or control horse sales;

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

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

16 (d) Exercise jurisdiction over matters within the exclusive national authority of  
17 entities designated by the laws of the United States of America.

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

21 ➔Section 14. KRS 230.227 is amended to read as follows:

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

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

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

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

12 1. Two (2) year terms shall be served by:

13 a. The five (5) members appointed under subsection (2)(b)2., 4., 6.,  
14 8., and 11. of this section;

15 b. Two (2) appointees under subsection (2)(b)1. of this section;

16 c. One (1) appointee under subsection (2)(b)5. of this section; and

17 d. One (1) appointee under subsection (2)(b)9. of this section; and

18 2. Three (3) year terms shall be served by:

19 a. The three (3) members appointed under subsection (2)(b)3., 7., and  
20 10. of this section;

21 b. One (1) appointee under subsection (2)(b)1. of this section;

22 c. Two (2) appointees under subsection (2)(b)5. of this section; and

23 d. Two (2) appointees under subsection (2)(b)9. of this section.

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

25 (a) Any member appointed to fill a vacancy occurring other than by expiration of  
26 a term shall be appointed for the remainder of the unexpired term; and

27 (b) In making appointments, the Governor shall appoint members who meet the

1 following qualifications:

- 2 1. Three (3) members who represent the Thoroughbred industry;
- 3 2. One (1) member who represents the standardbred industry;
- 4 3. One (1) equine veterinarian who currently practices with race horses;
- 5 4. One (1) member shall be selected based on his or her training and
- 6 experience in the fields of investigation and law enforcement;
- 7 5. Three (3) experts in the gaming industry, with knowledge about the
- 8 technical and logistical sides of the wagering experience. At least one
- 9 (1) of these experts shall have expertise in the technical and logistical
- 10 sides of pari-mutuel wagering on previously run horse races;
- 11 6. One (1) expert in the operational aspects of the horse industry, with
- 12 particular knowledge of horse breeding;
- 13 7. One (1) expert in the operational aspects of the horse industry, with
- 14 particular knowledge of horse racing;
- 15 8. One (1) horse trainer licensed under this chapter;
- 16 9. Three (3) charitable gaming representatives;
- 17 10. One (1) member who represents the quarter horse industry; and
- 18 11. One (1) at-large member with no financial interest in the business or
- 19 industry regulated.

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

- 22 1. Use or attempt to use the member's influence in any manner which
- 23 involves a substantial conflict between his or her personal or private
- 24 interest and the member's duties to the corporation;
- 25 2. Use or attempt to use any means to influence the corporation in
- 26 derogation of the corporation;
- 27 3. Use the member's official position or office to obtain financial gain for

1           himself or herself, or any spouse, parent, brother, sister, or child of the  
2           director; or

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

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

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

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

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

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

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

27          4. The need for the director's particular contribution, such as special

1 knowledge of the subject matter, to the effective functioning of the  
2 corporation; and

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

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

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

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

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

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

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

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

11 (4) The board of directors shall:

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

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

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

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

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

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

1                   and

2                   3.    Request from the corporation any information the board determines to  
3                   be relevant to its duties; and

4           (e)    Provide the president with private-sector perspectives on the operation of a  
5           racing and gaming enterprise.

6   (5)   In all other matters, the board shall advise and make recommendations.

7   (6)   (a)    The initial members of the board shall be the members of the Kentucky Horse  
8           Racing Commission serving as of July 1, 2024. Those members shall continue  
9           to serve as board members of the corporation for two (2) additional years until  
10          July 1, 2026. The initial three (3) board members of the corporation who are  
11          charitable gaming representatives shall be appointed on or after March 27,  
12          2025, to serve until July 1, 2026.

13          (b)   Any board member vacancy that occurs between July 1, 2024, and July 1,  
14          2026, shall be filled by appointment for the remainder of that time period. An  
15          appointment of the chair or vice chair created by a vacancy between July 1,  
16          2024, and July 1, 2026, shall require confirmation of the appointment by the  
17          Senate as provided in KRS 11.160 and subsection (1) of this section.

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

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

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

26          (c)    Before entering upon the discharge of their duties, all members of the board of  
27          directors of the Kentucky Horse Racing and Gaming Corporation shall take

1 the constitutional oath of office.

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

5 (b) A board member of the corporation, or any family member of a member of  
6 the corporation, at the time of appointment or during the member's tenure on  
7 the corporation, shall not be a member of the legislature, a person holding any  
8 elective office in the state government, or any officer or official of any  
9 political party.

10 (9) Each appointed board member of the corporation shall be required to undergo a  
11 national and state criminal background investigation. The criminal background  
12 investigation shall be by means of a fingerprint check by the Department of  
13 Kentucky State Police or equivalent state police body in the member's home state  
14 and the Federal Bureau of Investigation, pursuant to the following requirements:

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

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

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

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

- 1 (10) (a) The Governor may remove any board member for misfeasance, malfeasance,  
2 or nonfeasance in office.
- 3 (b) The removal may be made after the member has been served with a copy of  
4 the charges against him or her and the member has a public hearing, if  
5 requested.
- 6 (c) The member charged may request a public hearing. The request shall be in  
7 writing and shall be submitted to the Governor's office within ten (10) days of  
8 the service of charges upon the member.
- 9 (d) If a public hearing is timely requested, the hearing shall be held before a  
10 hearing officer appointed by the Governor. The hearing officer shall make  
11 findings of fact and conclusions of law based upon the record of the hearing,  
12 and shall provide the Governor with a recommendation for action. The  
13 Governor's final decision, after recommendation by the hearing officer, may  
14 be appealed to the Circuit Court of the county in which the cause of action  
15 arose.
- 16 (11) Members of the board of directors shall be subject to all applicable provisions of  
17 KRS Chapter 11A, except that this chapter shall control if and to the extent that any  
18 provision in this chapter is expressly inconsistent with any provision of KRS  
19 Chapter 11A.
- 20 (12) The provisions of KRS Chapters 18A and 64 shall not apply to the board, president,  
21 managers, or staff of the corporation.
- 22 ➔Section 15. KRS 230.232 is amended to read as follows:
- 23 (1) The president of the Kentucky Horse Racing and Gaming Corporation shall  
24 establish offices within the corporation. Each office shall have specific duties  
25 assigned by the president. Topics addressed by the offices shall include but not be  
26 limited to the following:
- 27 (a) Pari-mutuel wagering;

- 1 (b) Live horse racing;
- 2 (c) Breed development and integrity;
- 3 (d) Sports wagering;
- 4 (e) **Fantasy contests;**
- 5 **(f) Fixed-odds wagering;**
- 6 **(g)** Licensing, compliance, and investigations; and
- 7 **(h)**~~(f)~~ Charitable gaming.
- 8 (2) Each office shall be led by an office manager, and the president shall appoint the
- 9 manager of each office.
- 10 (3) Each office may propose the promulgation of administrative regulations related to
- 11 its area of jurisdiction, but the corporation shall have final authority to promulgate
- 12 administrative regulations under this chapter and on and after July 1, 2025, final
- 13 authority to promulgate administrative regulations under KRS Chapter 238.
- 14 (4) The Office of Charitable Gaming shall be responsible for making formal
- 15 recommendations to the president on the following matters:
- 16 (a) Advancement of legal charitable gaming in the Commonwealth;
- 17 (b) Recommendations to ensure the highest integrity of charitable gaming
- 18 activities and that Kentucky advances lawful charitable gaming;
- 19 (c) Recommending programs and policy changes to ensure the strength and
- 20 growth of charitable gaming and the charitable gaming industry; and
- 21 (d) Monitoring and analyzing charitable organizations and technology needs of
- 22 the charitable gaming industry to determine how best to satisfy those needs.

23 ➔Section 16. KRS 230.260 is amended to read as follows:

24 The corporation shall have all powers necessary and proper to carry out and effectuate the

25 purposes and provisions of this chapter on and after July 1, 2024, and the purposes and

26 provisions of KRS Chapter 238 on and after July 1, 2025, including but not limited to the

27 following:

- 1 (1) The corporation is vested with jurisdiction and supervision over all live horse  
2 racing, pari-mutuel wagering, sports wagering, fantasy contests, fixed-odds  
3 wagering, breed integrity and development, and on and after July 1, 2025,  
4 charitable gaming, except for lottery games authorized under KRS Chapter 154A,  
5 in this Commonwealth and over all associations and all persons on association  
6 grounds and may eject or exclude therefrom or any part thereof, any person,  
7 licensed or unlicensed, whose conduct or reputation is such that the person's  
8 presence on association grounds may, in the opinion of the corporation, negatively  
9 reflect on the honesty and integrity of horse racing, or on sporting events upon  
10 which sports wagers may be placed, or interfere with the orderly conduct of horse  
11 racing or racing at horse race meetings, but no persons shall be excluded or ejected  
12 from association grounds solely on the ground of race, color, creed, national origin,  
13 ancestry, or sex;
- 14 (2) The corporation is vested with jurisdiction over any person or entity that offers  
15 advance deposit account wagering to Kentucky residents. Any such person or entity  
16 under the jurisdiction of the corporation shall be licensed by the corporation, and  
17 the corporation may impose a license fee not to exceed ten thousand dollars  
18 (\$10,000) annually. The corporation may, by administrative regulation promulgated  
19 in accordance with KRS Chapter 13A, establish conditions and procedures for the  
20 licensing of advance deposit account wagering providers to include but not be  
21 limited to:
- 22 (a) A fee schedule for applications for licensure; and  
23 (b) Reporting requirements to include quarterly reporting on:  
24 1. The amount wagered on Kentucky races; and  
25 2. The total amount wagered by Kentuckians;
- 26 (3) The corporation is vested with jurisdiction over any totalizator company that  
27 provides totalizator services to a racing association located in the Commonwealth.

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

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

1 of its stockholders or other persons holding a beneficial interest in the association;

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

5 (15) (a) The corporation ~~shall~~<sup>may</sup> promulgate administrative regulations to  
6 establish:~~[establishing]~~

7 1. A self-exclusion list for individuals who self-identify as being problem  
8 or compulsive gamblers;

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

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

11 4. A process for notifying the public of the methods an individual may  
12 use to self-identify.

13 (b) Self-exclusion information collected by each required licensee~~[racing~~  
14 ~~association]~~ shall be forwarded to the corporation~~], and the information from~~  
15 ~~the racing associations shall be compiled into a comprehensive list that shall~~  
16 ~~be provided to all racing associations].~~

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

19 (16) (a) The corporation may promulgate administrative regulations to establish  
20 standards for the conduct of sports wagering, including standards for  
21 receiving and paying out wagers, offering sports wagering through a website  
22 or mobile application, maintaining and auditing books and financial records,  
23 securely maintaining records of bets and wagers, integrity requirements for  
24 sports wagering and related data, suitability requirements for providers of  
25 associated equipment, geofence standards for wager placement, designated  
26 areas for sports wagering, surveillance and monitoring systems, and other  
27 reasonable technical criteria related to conducting sports wagering.

- 1 (b) The corporation may promulgate administrative regulations related to age  
2 requirements for placing sports wagers, availability of information related to  
3 sports wagers, and licensing requirements, including temporary  
4 authorizations, for service providers, vendors, and suppliers; and
- 5 (17) (a) On and after July 1, 2025, the corporation is vested with jurisdiction and  
6 supervision over all charitable gaming and may promulgate administrative  
7 regulations to establish standards for the conduct of charitable gaming  
8 consistent with the guidelines established in this chapter and KRS Chapter  
9 238. The corporation may eject or exclude therefrom or any part thereof, any  
10 person, licensed or unlicensed, whose conduct or reputation is such that the  
11 person's presence at a charitable gaming facility may, in the opinion of the  
12 corporation, negatively reflect on the honesty and integrity of charitable  
13 gaming, or interfere with the orderly conduct of charitable gaming at a  
14 charitable gaming facility, but no persons shall be excluded or ejected from a  
15 charitable gaming facility solely on the ground of race, color, creed, national  
16 origin, ancestry, or sex.
- 17 (b) The administrative regulations of the Kentucky Horse Racing Commission  
18 that are in effect on July 1, 2024, shall remain in effect as the initial  
19 administrative regulations of the corporation until the corporation amends or  
20 repeals the administrative regulations pursuant to KRS Chapter 13A, except  
21 as provided by KRS 13A.3102, 13A.3104, and 13A.330.
- 22 (c) The administrative regulations of the Department of Charitable Gaming that  
23 are in effect on July 1, 2025, shall remain in effect as the initial administrative  
24 regulations of the corporation until the corporation amends or repeals the  
25 administrative regulations pursuant to KRS Chapter 13A, except as provided  
26 by KRS 13A.3102, 13A.3104, and 13A.330.

27 ➔Section 17. KRS 230.300 is amended to read as follows:

- 1 (1) Any person desiring to conduct horse racing at a horse race meeting within the  
2 Commonwealth of Kentucky or to engage in simulcasting and intertrack wagering  
3 as a receiving track during any calendar year shall first apply to the corporation for  
4 a license to do so. The application shall be filed at the corporation's general office  
5 on or before October 1 of the preceding year with respect to applications to conduct  
6 live horse race meetings, and with respect to intertrack wagering dates, and on  
7 forms prescribed by the corporation. The application shall include the following  
8 information:
- 9 (a) The full name and address of the person making application;
  - 10 (b) The location of the place, track, or enclosure where the applicant proposes to  
11 conduct horse racing meetings;
  - 12 (c) The dates on which the applicant intends to conduct horse racing, which shall  
13 be successive days unless authorized by the corporation;
  - 14 (d) The proposed hours of each racing day and the number of races to be  
15 conducted;
  - 16 (e) The names and addresses of all principals associated with the applicant or  
17 licensee;
  - 18 (f) The type of organizational structure under which the applicant operates, i.e.,  
19 partnership, trust, association, limited liability company, or corporation, and  
20 the address of the principal place of business of the organization;
  - 21 (g) Any criminal activities in any jurisdiction for which any individual listed  
22 under paragraphs (a) and (e) has been arrested or indicted and the disposition  
23 of the charges, and any current or on-going criminal investigation of which  
24 any of these individuals is the subject; and
  - 25 (h) Any other information that the corporation by administrative regulation deems  
26 relevant and necessary to determine the fitness of the applicant to receive a  
27 license, including fingerprints of any individual listed under paragraphs (a)

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

1 applicant or licensee shall notify the corporation within thirty (30) days of the  
2 change.

3 (5) The corporation shall as soon as practicable, but in no event later than November 1  
4 in any calendar year, award dates for racing in the Commonwealth during the next  
5 year. After November 1, the corporation may authorize additional racing dates or  
6 otherwise make adjustments or amendments to the racing dates awarded if doing  
7 so is requested by the licensed association, supported by the applicable  
8 horsemen's group, deemed to be in the best interest of racing, and if the change  
9 impacts the race dates of another licensed association, only with the affected  
10 licensed association's express written consent. In awarding dates, the corporation  
11 shall consider and seek to preserve each track's usual and customary dates, as these  
12 dates are requested. If dates other than the usual and customary dates are requested,  
13 the applicant shall include a statement in its application setting forth the reasons the  
14 requested dates are sought. Dates for the conduct of intertrack wagering shall be  
15 awarded as provided in KRS 230.377. ~~In the event scheduled racing is canceled by~~  
16 ~~reason of flood, fire, inclement weather, or other natural disaster or emergency, the~~  
17 ~~corporation may award after November 1 additional racing dates to make up for~~  
18 ~~those dates canceled.]~~

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 18. 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) Every person who desires to be licensed to participate in charitable gaming
- 12 shall first meet the standards of this chapter and the standards established in
- 13 KRS Chapter 238.
- 14 (d) The corporation may issue a license if it finds that the financial
- 15 responsibility, age, experience, reputation, competence, and general fitness
- 16 of the applicant to perform the activity permitted by a license are consistent
- 17 with the best interest of charitable gaming in the Commonwealth, and the
- 18 maintenance of honesty, integrity, and high quality thereof.
- 19 (4) A license may be issued for the calendar year for which an applicant applies or, if
- 20 authorized by administrative regulation of the corporation, a license may be issued
- 21 that expires on the last day of the birth month of the licensee. A license may be
- 22 renewed by the corporation. The license shall be valid at all horse race meetings in
- 23 the Commonwealth during the period for which it is issued unless suspended or
- 24 revoked under the administrative regulations promulgated by the corporation under
- 25 this chapter. The occupational license to participate in sports wagering may be
- 26 suspended or revoked pursuant to administrative regulations promulgated by the
- 27 corporation under this chapter. With respect to horse owners and trainers, the

1 corporation may promulgate administrative regulations to facilitate and promote  
2 uniform, reciprocal licensing with other states.

3 ➔Section 19. KRS 230.361 is amended to read as follows:

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

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

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

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

17 a. Accelerate the adoption of technologies to promote and aid in the  
18 development of the operation of the wagering systems on live  
19 horse racing;

20 b. Update the totalizator and other mechanical equipment, which  
21 has been licensed by the corporation, to include commercially  
22 reasonable access to the betting odds for retail bettors by April 1,  
23 2027; and

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

26 (2) The corporation may promulgate administrative regulations governing and  
27 regulating sports wagering, including administrative regulations for the deposit of

1 funds by credit or debit cards or other means of electronic funds transfer. The  
2 corporation may promulgate administrative regulations to establish a fully  
3 functioning sports wagering system within six (6) months after June 29, 2023.

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

8 (4) Notwithstanding any law to the contrary:

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

13 (b) The unclaimed pari-mutuel winning tickets and unredeemed pari-mutuel  
14 vouchers shall be presumed abandoned if not claimed by the person entitled to  
15 them within one (1) year from the time the ticket was issued.

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

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

1           ➔Section 20. KRS 230.805 is amended to read as follows:

- 2       (1) The corporation shall institute a system of sports wagering in conformance with  
3       federal law, this chapter, and by administrative regulations promulgated under the  
4       authority of KRS 230.215.
- 5       (2) Sports wagering shall not be offered in this state except as authorized by this  
6       section and KRS 230.811. A track that holds a license to operate sports wagering  
7       may contract with sports wagering service providers to conduct or manage sports  
8       wagering operations as authorized by this chapter. Sports wagering may be  
9       provided at a licensed facility for sports wagering or online through a website or  
10      mobile application. The licensed facility for sports wagering or a sports wagering  
11      service provider may provide sports wagering through a website or mobile interface  
12      as approved by the corporation. The corporation may provide temporary licenses to  
13      licensed facilities for sports wagering or sports wagering service providers, if the  
14      corporation deems that the information submitted by them is sufficient to determine  
15      the applicant's suitability. The corporation may promulgate administrative  
16      regulations to establish the suitability for temporary and ordinary license  
17      applications for licensed facilities for sports wagering, sports wagering service  
18      providers, and any related parties.
- 19      (3) Sports wagering licensees and service providers that accept wagers online via  
20      websites and mobile applications shall impose the following requirements:
- 21      (a) Prior to placing a wager online via websites or mobile applications operated  
22      by either a sports wagering licensee or a service provider, a patron shall  
23      register the patron's sports wagering account with the operating sports  
24      wagering licensee or service provider either in person at a licensed facility for  
25      sports wagering or remotely through the service provider's website or mobile  
26      application;
- 27      (b) 1. The registration process shall include attestation that the patron meets

- 1 the requirements to place a wager with a sports wagering licensee or  
2 service provider in this state.
- 3 2. Prior to verification of a patron's identity, a sports wagering licensee or  
4 service provider shall not allow the patron to engage in sports wagering,  
5 make a deposit, or process a withdrawal via the patron's sports wagering  
6 account.
- 7 3. A sports wagering licensee or service provider shall implement  
8 commercially and technologically reasonable procedures to prevent  
9 access to sports wagering by any person under the age of twenty-one  
10 (21)~~eighteen (18)~~:
- 11 a. At a licensed facility; and  
12 b. Online via website or mobile application.
- 13 4. A sports wagering licensee or service provider may use information  
14 obtained from third parties to verify that a person is authorized to open  
15 an account, place wagers, and make deposits and withdrawals;
- 16 (c) A sports wagering licensee or service provider shall adopt an account  
17 registration policy to ensure that all patrons are authorized to place a wager  
18 with a sports wagering licensee or service provider within the Commonwealth  
19 of Kentucky. This policy shall include, without limitation, a mechanism by  
20 which to:
- 21 1. Verify the name and age of the patron;  
22 2. Verify that the patron is not prohibited from placing a wager; and  
23 3. Obtain the following information:  
24 a. A physical address other than a post office box;  
25 b. A phone number;  
26 c. A unique user name; and  
27 d. An email~~e-mail~~ account;

- 1 (d) A sports wagering licensee or service provider shall use all commercially and  
2 technologically reasonable means to ensure that each patron is limited to one  
3 (1) account with that service provider in the Commonwealth, but nothing in  
4 this paragraph restricts a patron from holding other sports wagering accounts  
5 in other jurisdictions;
- 6 (e) A sports wagering licensee or service provider, in addition to complying with  
7 state and federal law pertaining to the protection of the private, personal  
8 information of patrons, shall use all other commercially and technologically  
9 reasonable means to protect this information consistent with industry  
10 standards;
- 11 (f) A sports wagering licensee or service provider shall use all commercially and  
12 technologically reasonable means to verify the identity of the patron making a  
13 deposit or withdrawal;
- 14 (g) A sports wagering licensee or service provider shall utilize geolocation or  
15 geofencing technology to ensure that wagers are only accepted from patrons  
16 who are physically located in the Commonwealth. A sports wagering licensee  
17 or service provider shall maintain in this state its servers used to transmit  
18 information for purposes of accepting or paying out wagers on a sporting  
19 event placed by patrons in this state;
- 20 (h) A patron may fund the patron's account using any acceptable form of payment  
21 or advance deposit method, which shall include the use of cash, cash  
22 equivalents, credit cards, debit cards, automated clearing house, other  
23 electronic methods, and any other form of payment authorized by the  
24 corporation; and
- 25 (i) The corporation may enter into agreements with other jurisdictions or entities  
26 to facilitate, administer, and regulate multijurisdictional sports betting by  
27 sports betting operators to the extent that entering into the agreement is

1 consistent with state and federal laws and the sports betting agreement is  
2 conducted only in the United States.

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

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

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

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

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

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

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

21 **(8) (a) As used in this subsection, "proposition bet" includes but is not limited to**  
22 **individual performance statistics and other events not tied to the final**  
23 **outcome of the event.**

24 **(b) A sports wagering licensee or service provider shall not offer or accept any**  
25 **proposition bets on individual players participating in collegiate sporting**  
26 **events for a collegiate team located in Kentucky.**

27 **(9) (a) As used in this subsection:**

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

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

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

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

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

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

19 ➔Section 21. KRS 238.505 is amended to read as follows:

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

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

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

27 (3) "Bingo" means a specific game of chance in which participants use cards or paper

1 sheets, or card-minding device representations thereof, divided into horizontal and  
2 vertical spaces, each of which is designated by a letter and a number, and prizes are  
3 awarded on the basis of the letters and numbers on the card conforming to a  
4 predetermined and preannounced configuration of letters and numbers selected at  
5 random;

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

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

15 (6) "Chairperson" means:

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

18 (b) An employee of the premises upon which the charitable gaming is  
19 conducted that is twenty-one (21) years of age or older, has completed  
20 training prescribed by the office, and has completed the required  
21 background checks;

22 Who will be involved in the management and supervision of charitable gaming as  
23 designated in the organization's charitable gaming license application under KRS  
24 238.535(13)(g);

25 (7) "Charitable gaming" means bingo, charity game tickets, raffles, and charity  
26 fundraising events conducted for fundraising purposes by charitable organizations  
27 licensed and regulated under the provisions of this chapter. "Charitable gaming"

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

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

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

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

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

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

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

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

1 video lottery terminal, video slot machine, video poker machine, or any  
2 similar video gaming device;

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

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

10 (19) "Immediate family" means:

- 11 (a) Spouse and parents-in-law;
- 12 (b) Parents and grandparents;
- 13 (c) Children and their spouses; and
- 14 (d) Siblings and their spouses;

15 **(20) "Licensed charitable gaming facility" means the building, structure, or**  
16 **designated areas approved by the corporation for a licensed charitable**  
17 **organization to conduct charitable gaming;**

18 **(21)**~~(20)~~ "Manufacturer" means a person who assembles from raw materials or  
19 subparts any charitable gaming equipment or supplies used in the conduct of  
20 charitable gaming, including a person who converts, modifies, and adds to or  
21 removes parts from, charitable gaming equipment and supplies. The term shall not  
22 include:

- 23 (a) Any person who services or repairs charitable gaming supplies and  
24 equipment, so long as that person replaces or repairs an incidental,  
25 malfunctioning, or nonfunctioning part with a similar or identical part; and
- 26 (b) Any distributor who cuts, collates, and packages for distribution any gaming  
27 supplies and equipment purchased in bulk;

- 1 ~~(22)~~~~(21)~~ "Net receipts" means adjusted gross receipts from the conduct of charitable  
2 gaming less all expenses, charges, fees, and deductions authorized under this  
3 chapter;
- 4 ~~(23)~~~~(22)~~ "Office" means the office regulating charitable gaming within the Kentucky  
5 Horse Racing and Gaming Corporation established by the president under KRS  
6 Chapter 230;
- 7 ~~(24)~~~~(23)~~ "President" means the president of the Kentucky Horse Racing and Gaming  
8 Corporation;
- 9 ~~(25)~~~~(24)~~ "Raffle" means a game of chance in which a participant is required to  
10 purchase a ticket for a chance to win a prize, with the winner to be determined by a  
11 random drawing;
- 12 ~~(26)~~~~(25)~~ "Seal card" means a board or placard used in conjunction with charity game  
13 tickets, that contains a seal or seals which, when removed or opened, reveal  
14 predesignated winning numbers, letters, or symbols;
- 15 ~~(27)~~~~(26)~~ "Session" or "bingo session" means a single gathering at which a bingo game  
16 or series of successive bingo games are played, excluding bingo played at a charity  
17 fundraising event;
- 18 ~~(28)~~~~(27)~~ "Special limited charitable game" means roulette; blackjack; poker; keno;  
19 money wheel; baccarat; pusher-type games; any dice game where the player  
20 competes against the house; and any other game of chance as identified, defined,  
21 and approved by administrative regulation of the corporation;
- 22 ~~(29)~~~~(28)~~ "Special limited charity fundraising event" means any type of charity  
23 fundraising event, commonly known as and operated as a "casino night," "Las  
24 Vegas night," or "Monte Carlo night," at which the predominant number or types of  
25 games offered for play are special limited charitable games; and
- 26 ~~(30)~~~~(29)~~ "Year" means calendar year except as used in KRS 238.535(11), 238.545(4),  
27 238.547(1), and 238.555(7), when "year" means the licensee's license year.

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

- 2       (1) The Office of Charitable Gaming is created as an office within the Kentucky Horse  
3       Racing and Gaming Corporation. Subject to the authority of the corporation, the  
4       office shall license and regulate the conduct of charitable gaming and license and  
5       regulate charitable organizations that desire to engage in charitable gaming,  
6       charitable gaming facilities, manufacturers, and distributors in the Commonwealth  
7       of Kentucky in accordance with the provisions of this chapter.
- 8       (2) The president shall employ necessary staff to administer and enforce the provisions  
9       of this chapter.
- 10      (3) No employee of the corporation during his or her term of employment shall be an  
11      officer in a charitable organization that is licensed to conduct charitable gaming or  
12      be involved in the conduct of charitable gaming as a member of a licensed  
13      charitable organization. No employee of the corporation during his or her term of  
14      employment shall be licensed as a manufacturer, distributor, or charitable gaming  
15      facility, or have a financial interest in any business that is licensed as a  
16      manufacturer, distributor, or charitable gaming facility.
- 17      (4) The president may appoint investigators who may have the powers of peace officers  
18      throughout the Commonwealth for the purposes of enforcing this chapter and any  
19      law relating directly or indirectly to the conduct of horse racing, pari-mutuel  
20      wagering, sports wagering, and charitable gaming, as well as the enforcement of  
21      laws relating to the protection of persons or property on licensed premises. The  
22      peace officer powers of investigators appointed under this subsection~~[: however,~~  
23      ~~those powers]~~ shall be limited to:
- 24      (a) Enforcement of the provisions of KRS Chapters 230 and 238;
- 25      (b) Violations of KRS Chapter 528, relating to:
- 26          1. Unlicensed and illegal gaming;
- 27          2. Gambling offenses committed on licensed premises; and

- 1           3. Gambling offenses committed in conjunction with a legal gaming  
2           activity;
- 3           (c) Violations of KRS Chapter 514, relating to theft, embezzlement, or other  
4           illegal diversions of legal gaming proceeds;
- 5           (d) Violations of KRS Chapters 516 and 517, relating to forgery and fraud in the  
6           conduct of legal gaming;
- 7           (e) Violations relating to the damage or destruction of real or personal property  
8           owned or leased by a licensee; and
- 9           (f) Violation of any criminal felony offense committed:
- 10           1. On licensed gaming premises; and
- 11           2. In the presence of an investigator.
- 12       (5) **Horse racing and** gaming investigators may satisfy the certification standards  
13       established by the Department of Criminal Justice Training pursuant to KRS  
14       Chapter 15, but this certification shall not be required for any investigators hired  
15       after July 1, 2025. **Horse racing and** gaming investigators shall not qualify for  
16       hazardous duty coverage under the Kentucky Employees Retirement System.
- 17       ~~[(6) Gaming investigators so appointed shall not possess peace officer powers other than~~  
18       ~~those provided in subsection (4) of this section.]~~
- 19       ➔Section 23. KRS 238.515 is amended to read as follows:
- 20       **Charitable gaming shall not be conducted in the Commonwealth except as authorized**  
21       **by this chapter and KRS Chapter 230.** The office shall license and regulate the conduct  
22       of charitable gaming in the Commonwealth of Kentucky as authorized by the  
23       corporation. The president may integrate office responsibilities into other corporation  
24       offices to ensure efficiencies and eliminate duplication of duties. Office powers and  
25       duties include:
- 26       (1) Licensing charitable organizations, charitable gaming facilities, manufacturers, and  
27       distributors that desire to engage in charitable gaming;

- 1 (2) Refusing to issue or renew a license for cause, revoking or suspending a license,  
2 imposing probationary conditions on a license, issuing a written reprimand or  
3 admonishment or notice of violation, and imposing fines and penalties, or any  
4 combination thereof with regard to a licensee or other person participating in  
5 charitable gaming in Kentucky for violation of any federal or state statute or  
6 administrative regulation, or office directive, ruling, or order to preserve the  
7 integrity of charitable gaming in Kentucky or to protect the public from direct  
8 harm;
- 9 (3) Establishing and enforcing reasonable standards for the conduct and operation of  
10 charitable gaming activity and the operation of charitable gaming facilities;
- 11 ~~(4)~~~~(3)~~ Prescribing reasonable fees for licenses that do not exceed amounts  
12 established in this chapter;
- 13 ~~(5)~~~~(4)~~ Establishing standards of accounting, recordkeeping, and reporting to insure  
14 charitable gaming receipts are properly accounted for;
- 15 ~~(6)~~~~(5)~~ Establishing a process for reviewing complaints and allegations of  
16 wrongdoing, and for investigating complaints with merit. In furtherance of this  
17 duty, the office may issue administrative subpoenas and summonses. The office  
18 shall also establish toll-free telephone service or an electronic method for receiving  
19 complaints and inquiries;
- 20 (7) Investigating, auditing, and other reasonable actions to ensure compliance with  
21 this chapter;
- 22 ~~(8)~~~~(6)~~ Taking appropriate disciplinary action, subject to the final order of the  
23 corporation, and making referrals for criminal prosecution of persons who do not  
24 operate in compliance with this chapter;
- 25 ~~(9)~~~~(7)~~ Collecting and depositing all fees and fines in the charitable gaming  
26 regulatory account to be administered by the corporation; and
- 27 ~~(10)~~~~(8)~~ Proposing administrative regulations in accordance with KRS Chapter 13A

1 which are necessary to carry out the purposes and intent of this chapter. In  
2 proposing administrative regulations under this subsection, the office shall submit  
3 any proposed regulations to the Kentucky Horse Racing and Gaming Corporation.

4 ➔Section 24. KRS 238.525 is amended to read as follows:

- 5 (1) Licenses shall be issued by the office on an annual basis, except as otherwise  
6 permitted in KRS 238.530 and 238.545. A license term may be determined by the  
7 office in any manner it deems appropriate to facilitate efficient licensing. The office  
8 shall charge a licensing and renewal fee not to exceed the maximum amounts  
9 established in KRS 238.530, 238.535, and 238.555.
- 10 (2) The office may issue a temporary license to an applicant who has met the  
11 requirements for a license. A temporary license shall be valid from the date of  
12 issuance until the regular license is issued or for a period of sixty (60) days,  
13 whichever is shorter. A temporary license shall not be renewed, except for good  
14 cause and shall not exceed a total of nine (9) months in length.
- 15 (3) An applicant for any license to be issued under KRS 238.530, Section 26 of this  
16 Act, and 238.555 shall be subjected to a state and national criminal history  
17 background check by the office, with the assistance of the Department of Kentucky  
18 State Police and the Federal Bureau of Investigation. An applicant for any license to  
19 be issued under KRS 238.535 shall be subjected to a state criminal history  
20 background check and may, if deemed reasonably necessary, be subjected to a  
21 national criminal history background check by the office with the assistance of the  
22 Department of Kentucky State Police and the Federal Bureau of Investigation.
- 23 (4) The criminal history background check shall apply to:
- 24 (a) The chief executive officer and the chief financial officer or director of an  
25 applicant;
- 26 (b) Any employee or member of an applicant who has been designated as  
27 chairperson of the charitable gaming activity;

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

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

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

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

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

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

25       (7)~~(5)~~ No applicant shall be licensed unless all applicants required to be  
26       fingerprinted under~~the provision of~~ subsection (3) and (4) of this section have  
27       been fingerprinted. The Department of Kentucky State Police may submit

1 fingerprints of any applicant to the Federal Bureau of Investigation for the national  
 2 criminal history background check. The corporation may by administrative  
 3 regulation impose additional qualifications to meet the requirements of Pub. L. No.  
 4 92-544.

5 ~~(8)~~~~(6)~~ If a change occurs in any information submitted during the license application  
 6 process, the applicant or licensee shall notify the office in writing within thirty (30)  
 7 days of the date the change occurred.

8 ➔Section 25. KRS 238.530 is amended to read as follows:

9 (1) ~~A~~~~No~~ person shall ***not*** sell, offer to sell, rent, lease, or otherwise furnish charitable  
 10 gaming supplies or equipment unless the person is licensed by the office as a  
 11 distributor. The office shall charge a license fee not to exceed ***five thousand dollars***  
 12 ***(\$5,000)***~~one thousand dollars (\$1,000)~~.

13 (2) ~~A~~~~No~~ person shall ***not*** sell, offer to sell, rent, lease, or otherwise furnish charitable  
 14 gaming supplies and equipment unless the person is licensed by the office as a  
 15 manufacturer. The office shall charge a license fee not to exceed ***five thousand***  
 16 ***dollars (\$5,000)***~~one thousand dollars (\$1,000)~~.

17 (3) ~~A~~~~No~~ person who is licensed as a charitable organization, and ~~an~~~~no~~ owner,  
 18 officer, employee, or member of the immediate family of an owner, officer, or  
 19 employee of a licensed charitable gaming facility shall ***not*** be eligible for licensure  
 20 as a distributor or manufacturer. ~~An~~~~No~~ affiliate of an owner, officer, or employee,  
 21 or member of the immediate family of an owner, officer, or employee of a licensed  
 22 charitable gaming facility shall ***not*** be licensed as a distributor or manufacturer.  
 23 ~~A~~~~No~~ person who is a licensed wholesaler or distributor of alcoholic beverages  
 24 shall ***not*** be licensed as a distributor or manufacturer. ~~A~~~~No~~ person who is licensed  
 25 as a distributor shall ***not*** be licensed as a manufacturer, and ~~a~~~~no~~ person licensed as  
 26 a manufacturer shall ***not*** be licensed as a distributor.

27 (4) An applicant for a license as a manufacturer or distributor shall apply for license on

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

1 sales or lease agreement from a licensed charitable organization within thirty (30)  
2 days of the delivery of charitable gaming supplies and equipment shall notify the  
3 office of the delinquency in writing in a form and manner prescribed by the office.  
4 A manufacturer who does not receive payment in full from a distributor within sixty  
5 (60) days of the delivery of charitable gaming supplies and equipment shall notify  
6 the office of the delinquency in writing in a form and manner prescribed by the  
7 office.

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

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

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

17 (10) ~~An~~~~No~~ officer, owner, employee, or contractee of a licensed distributor or licensed  
18 manufacturer or their affiliates and ~~a~~~~no~~ member of the immediate family of an  
19 owner, officer, employee, or contractee of a licensed distributor or licensed  
20 manufacturer or their affiliates, shall ***not***, with respect to a licensed charitable  
21 organization:

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

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

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

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

27 (e) Provide transportation services in any manner to patrons of a charitable

- 1 gaming activity;
- 2 (f) Provide advertisement or marketing services in any manner to a licensed  
3 charitable organization;
- 4 (g) Provide, coordinate, or solicit the services of personnel or volunteers in any  
5 manner;
- 6 (h) Provide training or consulting on the conduct of charitable gaming, except in  
7 connection with the use of its own equipment or supplies;
- 8 (i) Store its charitable gaming equipment or supplies in or on the premises of a  
9 licensed charitable gaming facility; or
- 10 (j) Donate or give any prize to be awarded in the conduct of charitable gaming.

11 ➔Section 26. KRS 238.535 is amended to read as follows:

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

- 17 (a) Bingo in which the gross receipts do not exceed a total of twenty-five  
18 thousand dollars (\$25,000) per year;
- 19 (b) A raffle or raffles for which the gross receipts do not exceed twenty-five  
20 thousand dollars (\$25,000) per year; and
- 21 (c) A charity fundraising event or events that do not involve special limited  
22 charitable games and the gross gaming receipts for which do not exceed  
23 twenty-five thousand dollars (\$25,000) per year.

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

- 26 (2) (a) Any charitable organization exempt from the process of applying for a license  
27 under subsection (1) of this section, shall notify the office in writing, on a

1 simple form issued by the office, of its intent to engage in exempt charitable  
2 gaming and the address at which the gaming is to occur. Any charitable  
3 organization exempt from the process of applying for a license under  
4 subsection (1) of this section consents to the jurisdiction of the corporation  
5 and shall comply with all other provisions of this chapter relating to the  
6 conduct of charitable gaming, except:

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

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

- 15 1. The type of gaming activity in which it engaged during that year;
- 16 2. The total gross receipts derived from gaming;
- 17 3. The amount of charitable gaming expenses paid;
- 18 4. The amount of net receipts derived; and
- 19 5. The disposition of those net receipts.

20 (3) An exemption that has been granted to a charitable organization for the preceding  
21 calendar year shall be automatically renewed on January 1 of the following year.

22 (4) If upon receipt of the financial report the office determines that the information  
23 appearing on the financial report renders the charitable organization ineligible to  
24 possess an exemption, the office shall notify the charitable organization that its  
25 exemption is rescinded. The organization may request an appeal of this rescission  
26 pursuant to KRS 238.565.

27 (5) If the annual financial report is not received by January 31, the exemption is

1 automatically rescinded unless an extension of no more than thirty (30) days is  
2 granted by the office. The organization may request an appeal of this rescission  
3 pursuant to KRS 238.565.

4 (6) If an exemption is revoked because an organization has exceeded the limit imposed  
5 in subsection (1) of this section, the organization shall apply for a retroactive  
6 license in accordance with subsection (7) of this section.

7 (7) If an organization exceeds the limit imposed by any subsection of this section it  
8 shall:

9 (a) Report the amount to the office; and

10 (b) Apply for a retroactive charitable gaming license.

11 (8) Upon receipt of a report and application for a retroactive charitable gaming license,  
12 the office shall investigate to determine if the organization is otherwise qualified to  
13 hold the license.

14 (9) If the office determines that the applicant is qualified, it shall issue a charitable  
15 gaming license retroactive to the date on which the exemption limit was exceeded.  
16 The retroactive charitable gaming license shall be issued in the same manner as  
17 regular charitable gaming licenses.

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

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

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

27 1. a. Possess a tax exempt status under 26 U.S.C. secs. 501(c)(3),

- 1                   501(c)(4), 501(c)(8), 501(c)(10), or 501(c)(19), or be covered  
2                   under a group ruling issued by the Internal Revenue Service under  
3                   authority of those sections; or
- 4                   b. Be organized within the Commonwealth of Kentucky as a local  
5                   school district, as a common school as defined in KRS 158.030, as  
6                   an institution of higher education as defined in KRS 164A.305, or  
7                   as a state college or university as provided for in KRS 164.290. A  
8                   common school, a program or organization affiliated with a  
9                   common school, or any combination of common schools and  
10                  programs affiliated with common schools located within a local  
11                  school district may conduct charitable gaming under the local  
12                  school district's charitable gaming license;
- 13                  2. Have been established and continuously operating within the  
14                  Commonwealth of Kentucky for charitable purposes, other than the  
15                  conduct of charitable gaming, for a period of three (3) years prior to  
16                  application for licensure. For purposes of this paragraph, an applicant  
17                  shall demonstrate establishment and continuous operation in Kentucky  
18                  by its conduct of charitable activities from an office physically located  
19                  within Kentucky both during the three (3) years immediately preceding  
20                  its application for licensure and at all times during which it possesses a  
21                  charitable gaming license. However, a charitable organization that  
22                  operates for charitable purposes in more than ten (10) states and whose  
23                  principal place of business is physically located in a state other than  
24                  Kentucky may satisfy the requirements of this paragraph if it can  
25                  document that it has:
- 26                  a. Been actively engaged in charitable activities and has made  
27                  reasonable progress, as defined in subparagraph 3. of this

1 paragraph, in the conduct of charitable activities or the expenditure  
2 of funds within Kentucky for a period of three (3) years prior to  
3 application for licensure; and

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

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

26 4. Have maintained an office or place of business, other than for the  
27 conduct of charitable gaming, for at least one (1) year in the county in

1 which charitable gaming is to be conducted. The office or place of  
2 business shall be a separate and distinct address and location from that  
3 of any other licensee of the Office of Charitable Gaming; except that up  
4 to three (3) licensed charitable organizations may have the same address  
5 if they legitimately share office space; and

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

- 7 (b) 1. A charitable organization that has established and maintained an office  
8 or place of business in the county for a period of at least one (1) year  
9 may hold a raffle drawing or a charity fundraising event, including  
10 special limited charity fundraising events, in a Kentucky county other  
11 than that in which the organization's office or place of business is  
12 located.
- 13 2. For raffles, the organization shall notify the Office of Charitable  
14 Gaming in writing of the organization's intent to change the drawing's  
15 location at least thirty (30) days before the drawing takes place. This  
16 written notification:
- 17 a. May be transmitted in any commercially reasonable means,  
18 authorized by the office, including facsimile and electronic mail;  
19 and
- 20 b. Shall set out the place and the county in which the drawing will  
21 take place.

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

- 24 (c) Any charitable organization that was registered with the county clerk to  
25 conduct charitable gaming in a county on or before March 31, 1992, shall  
26 satisfy the requirement contained in paragraph (a)4. of this subsection if it  
27 maintained a place of business or operation, other than for the conduct of

1 charitable gaming, for one (1) year prior to application in a Kentucky county  
2 adjoining the county in which they were registered.

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

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

1 the name and address of the owner of the property, if it is owned by a person  
2 other than the charitable organization;

3 (i) A copy of the letter or other legal document issued by the Internal Revenue  
4 Service to grant tax-exempt status;

5 (j) A statement signed by the presiding or other responsible officer of the  
6 charitable organization attesting that the information submitted in the  
7 application is true and correct and that the organization agrees to comply with  
8 all applicable laws and administrative regulations regarding charitable  
9 gaming;

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

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

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

- 15 1. The gross receipts do not exceed five hundred dollars (\$500);
- 16 2. All proceeds from the raffle are distributed to a charitable organization;
- 17 and
- 18 3. The organization or group of individuals holds no more than three (3)  
19 raffles each year;

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

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

- 24 1. The organization holds a special event raffle license issued by the office  
25 and complies with the regulatory requirements in this chapter, including  
26 but not limited to the quarterly reporting requirements of KRS  
27 238.550(7), the retention requirements of KRS 238.536, and payment of

- 1 the fee imposed by KRS 238.570;
- 2 2. The organization possesses a tax-exempt status under 26 U.S.C. sec.  
3 501(c)(7);
- 4 3. The organization holds no more than twelve (12) raffles per year;
- 5 4. Each raffle complies with the office's raffle standards in KRS 238.545  
6 and administrative regulations promulgated thereunder and is approved  
7 by the office in writing prior to the sale of the first raffle ticket;
- 8 5. The gross receipts of each raffle do not exceed five hundred thousand  
9 dollars (\$500,000); and
- 10 6. One hundred percent (100%) of the net receipts of each raffle shall be  
11 distributed to a charitable organization licensed by the office pursuant to  
12 subsection (12) of this section to conduct charitable gaming as follows:
- 13 a. All distributed net receipts shall be maintained by the recipient  
14 licensed charitable organization in a separate account to be  
15 designated as the "raffle recipient account";
- 16 b. All distributed net receipts shall be expended by the recipient  
17 licensed charitable organization to further the charitable purpose of  
18 the recipient licensed charitable organization as required by KRS  
19 238.550(4); and
- 20 c. All distributed net receipts, and the expenditure thereof, shall be  
21 reported to the office and be subject to the office's auditing and  
22 investigative authority consistent with the provisions of this  
23 chapter.
- 24 (c) An applicant qualifying under paragraph (b) of this subsection shall submit an  
25 application for a special event raffle license, and the information to be  
26 submitted shall include but not be limited to the following:
- 27 1. The name and address of the organization;

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

- 1 true and correct and that the organization agrees to comply with all  
2 applicable laws and administrative regulations regarding charitable  
3 gaming;
- 4 10. An agreement that the organization's records may be released by the  
5 federal Internal Revenue Service to the office; and
- 6 11. Any other information as determined by the corporation through the  
7 promulgation of administrative regulations.
- 8 (15) The office may issue a license for a specified period of time, based on the type of  
9 charitable gaming involved and the desired duration of the activity.
- 10 (16) The office shall charge a fee for each license issued and renewed, not to exceed **one**  
11 **thousand dollars (\$1,000)**~~three hundred dollars (\$300)~~. Specific fees to be  
12 charged may be prescribed in a graduated scale promulgated by administrative  
13 regulations of the corporation and based on type of license, type of charitable  
14 gaming, actual or projected gross receipts, or other applicable factors, or  
15 combination of factors.
- 16 (17) (a) A licensed charitable organization may place its charitable gaming license in  
17 escrow if:
- 18 1. The licensee notifies the office in writing that it desires to place its  
19 license in escrow; and
- 20 2. The license is in good standing and the office has not initiated  
21 disciplinary action against the licensee.
- 22 (b) During the escrow period, the licensee shall not engage in charitable gaming,  
23 and the escrow period shall not be included in calculating the licensee's  
24 retention rate under KRS 238.536.
- 25 (c) A charitable organization may apply for reinstatement of its active license and  
26 the license ~~may~~**shall** be reinstated provided:
- 27 1. The charitable organization continues to qualify for licensure;

- 1           2.    The charitable organization has not engaged in charitable gaming during  
2                    the escrow period; and
- 3           3.    The charitable organization pays a reinstatement fee established by the  
4                    office.

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

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

16    **(c) If the applicant files a written response to a deficiency request within thirty**  
17    **(30) days of the written notice, but the response does not cure the identified**  
18    **deficiency, the office shall issue a subsequent deficiency notice within thirty**  
19    **(30) days. If the deficiency is incapable of being cured, the office shall deny**  
20    **the license.**

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

27    ➔SECTION 27.    KRS 238.538 IS REPEALED AND REENACTED TO READ

1 AS FOLLOWS:

2 (1) A licensed charitable organization shall only offer the play of electronic charity  
3 game tickets and electronic pulltab devices at the following locations as approved  
4 and authorized by the corporation:

5 (a) The office location of the charitable organization;

6 (b) The location where the charitable organization is licensed to conduct bingo;

7 (c) The location where charity fundraising events as defined in this chapter are  
8 authorized; and

9 (d) One additional location in either the same county or a county that is  
10 contiguous to the charitable organization's office location.

11 (2) (a) A charitable gaming facility licensed under Section 26 of this Act shall  
12 transfer its charitable gaming facility license first to one of the licensed  
13 charitable organizations it was affiliated with as of January 1, 2026, and  
14 which transfer is not inconsistent with the applicable provision of KRS  
15 Chapter 238, and next to any licensed charitable organization.

16 (b) The licensed charitable organization shall apply with the corporation to  
17 receive the license by transfer under paragraph (a) of this subsection.

18 (c) The corporation shall:

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

21 and

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

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

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

9 (a) Sale or transfer of ownership of any part of the property where the  
10 additional location is located;

11 (b) Sale or transfer of ownership of the business where the additional location  
12 is located;

13 (c) Change of ownership or transfer of the charitable organization, or the  
14 charitable organization's permanent cessation of charitable gaming;

15 (d) Any closure of the location for ninety (90) days or more, which shall  
16 include closures due to acts of God;

17 (e) Failure to maintain a valid lease due to expiration and termination of lease  
18 agreements;

19 (f) Failure by the licensee to comply with all charitable gaming requirements;

20 (g) Failure or inability of the existing facility or location to restrict access to  
21 persons twenty-one (21) years of age or older;

22 (h) Failure to timely report changes to the additional location or to update the  
23 information submitted to the corporation as part of the licensing process; or

24 (i) Failure to provide information as requested or ordered by the corporation,  
25 related to the conduct of charitable gaming at the additional location.

26 (5) Notwithstanding subsection (1) of this section, a licensed charitable organization  
27 that offers the play of electronic charity game tickets or electronic pulltab devices

- 1 at more than one (1) additional location as provided in subsection (1) of this  
 2 section on July 1, 2025, shall lose, forfeit and cease those activities at all  
 3 additional locations upon occurrence of any of the following:  
 4 (a) Suspension or revocation of a license due to a violation;  
 5 (b) Failure by the licensee to timely reapply for licensure or pay all required  
 6 licensure fees; or  
 7 (c) Engagement in activities that would pose a threat to the public interest or  
 8 the effective regulation of charitable gaming in Kentucky, or enhance the  
 9 dangers of unsuitable, unfair, or illegal practices, methods, and activities in  
 10 the conduct of charitable gaming or in the operation of the business and  
 11 financial arrangements incidental thereto.  
 12 (6) This section shall not prevent electronic charity game ticket activities and  
 13 electronic charity game ticket locations operating prior to the effective date of this  
 14 Act from being resupplied or updated.

15 ➔Section 28. KRS 238.540 is amended to read as follows:

- 16 (1) Charitable gaming shall be conducted by a licensed charitable organization at the  
 17 location, date, and time which shall be stated on the license. The licensee shall  
 18 request a change in the date, time, or location of a charitable gaming event by mail,  
 19 electronic mail, or facsimile transmission, and shall submit a lease and an original  
 20 signature of an officer. The office shall process this request and issue or deny a  
 21 license within ten (10) days.
- 22 (2) All premises or facilities on which or in which charitable gaming is conducted shall  
 23 meet all applicable federal, state, and local code requirements relating to life, safety,  
 24 and health.
- 25 (3) A license to conduct charitable gaming shall be prominently displayed on or in the  
 26 premises where charitable gaming is conducted, in a conspicuous location that is  
 27 readily accessible to gaming patrons as well as employees of the office, law

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

1 distributor, charitable gaming facility, or any of their affiliates, or any member of  
2 their immediate families.

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

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

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

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

15 **(10) A person under the age of twenty-one (21) shall not participate in the play of**  
16 **charitable gaming activities or events. A licensed charitable organization**  
17 **authorized to offer the play of electronic pulltab devices shall restrict access to the**  
18 **area or areas where electronic pulltab devices are located and ensure persons**  
19 **under the age of twenty-one (21) do not access those areas or participate in the**  
20 **play of those activities. The corporation shall promulgate administrative**  
21 **regulations in accordance with KRS Chapter 13A providing requirements and**  
22 **standards to ensure proper access restriction for locations that allow entry to**  
23 **persons under the age of twenty-one (21).**

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

1 chairperson for monitoring the charitable gaming activity.

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

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

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

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

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

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

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

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

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

- 1            **1. Fined for:**
- 2            **a. The first violation, one thousand dollars (\$1,000); and**
- 3            **b. The second violation, two thousand five hundred dollars**
- 4            **(\$2,500); and**
- 5            **2. For the third violation within a one (1) year period at the same**
- 6            **premises, prohibited from conducting charitable gaming at the**
- 7            **premises.**
- 8            **(e) The corporation may promulgate administrative regulations in accordance**
- 9            **with KRS Chapter 13A that are reasonably necessary to ensure the safety**
- 10           **and well-being of minors and the security of the premises in its entirety.**
- 11           **(12) Notwithstanding this section, a licensed charitable organization may provide**
- 12           **reasonable remuneration to a chairperson who is required to attend trainings by**
- 13           **the corporation or who is required to check identification to enter a cordoned-off**
- 14           **area for the time spent conducting those trainings or identification checks.**

15           ➔Section 29. KRS 238.545 is amended to read as follows:

- 16           (1) A licensed charitable organization shall be limited by the following:
- 17           (a) In the conduct of bingo, to one (1) session per day, three (3) sessions per
- 18           week, for a period not to exceed five (5) consecutive hours in any day and not
- 19           to exceed fifteen (15) total hours per week:
- 20           1. A licensed charitable organization shall not conduct bingo at more than
- 21           one (1) location during the same twenty-four (24) hour period;
- 22           2. A licensed charitable organization shall not award prizes for bingo that
- 23           exceed five thousand dollars (\$5,000) in fair market value per twenty-
- 24           four (24) hour period, including the value of door prizes; and
- 25           3. A person under the age of **twenty-one (21)**~~eighteen (18)~~ shall not be
- 26           permitted to purchase bingo supplies or play bingo unless he or she is
- 27           playing for noncash prizes and is accompanied by a parent or legal

- 1 guardian and only if the value of any noncash prize awarded does not  
2 exceed ten dollars (\$10);
- 3 (b) 1. A licensed charitable organization may provide card-minding devices  
4 for use by players of bingo games.
- 5 2. If a licensed charitable organization offers card-minding devices for use  
6 by players, the devices shall be capable of being used in conjunction  
7 with bingo cards or paper sheets at all times.
- 8 3. Subject to the authority of the corporation, the office shall have broad  
9 authority to define and regulate the use of card-minding devices and the  
10 corporation may promulgate an administrative regulation concerning use  
11 and control of them;
- 12 (c) Charity game tickets shall be sold only at the address of the location  
13 designated on the license to conduct charitable gaming;
- 14 (d) Charity game tickets may be sold, with prior approval of the office:
- 15 1. At any authorized special charity fundraising event conducted by a  
16 licensed charitable organization at any off-site location; or
- 17 2. By a licensed charitable organization possessing a special limited  
18 charitable gaming license at any off-site location; and
- 19 (e) An automated charity game ticket dispenser may be utilized by a licensed  
20 charitable organization, with the prior approval of the office, only at the  
21 address of the location designated on the license to conduct charitable gaming.  
22 The corporation may promulgate administrative regulations regulating the use  
23 and control of approved automated charity game ticket dispensers.
- 24 (2) (a) A prize for an individual charity game ticket shall not exceed **one thousand**  
25 **four hundred ninety-nine dollars (\$1,499)**~~five hundred ninety-nine dollars~~  
26 ~~(\$599)~~ in value, not including the value of cumulative or carryover prizes  
27 awarded in seal card games.

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

1 office which are offered exclusively at charity fundraising events and special  
2 limited charity fundraising events are not required to be sold separately and  
3 may be sold at discounted package rates.

4 (d) Raffle tickets shall have a unique identifier on each ticket.

5 (e) Winners shall be drawn at random at a date, time, and place announced in  
6 advance or printed on the ticket.

7 (f) All prizes for a raffle shall be identified in advance of the drawing and all  
8 prizes identified shall be awarded.

9 (4) With respect to charity fundraising events, a licensed charitable organization shall  
10 be limited as follows:

11 (a) A licensed charitable organization shall not conduct a charity fundraising  
12 event or a special limited charity fundraising event unless they have a license  
13 for the respective event issued by the office;

14 (b) A special license shall not be required for any wheel game, such as a cake  
15 wheel, that awards only noncash prizes the value of which does not exceed  
16 one hundred dollars (\$100);

17 (c) The office may grant approval for a licensed charitable organization to play  
18 bingo games at a charity fundraising event. Cash prizes for bingo games  
19 played during a charity fundraising event may not exceed five thousand  
20 dollars (\$5,000) for the entire event. A person under the age of twenty-one  
21 ~~(21) [eighteen (18)]~~ shall not be permitted to play bingo at a charity  
22 fundraising event unless accompanied by a parent or legal guardian;

23 (d) The office may grant approval for a licensed charitable organization to play  
24 special limited charitable games at a charity fundraising event authorized  
25 under this section. The office shall not grant approval for the playing of  
26 special limited charitable games under the provisions of a charity fundraising  
27 event license unless the proposed event meets the definition of a charity

- 1 fundraising event held for community, social, or entertainment purposes apart  
 2 from charitable gaming in accordance with KRS 238.505(11);
- 3 (e) Except for state, county, city fairs, and special limited charity fundraising  
 4 events, a charity fundraising event license issued under this section shall not  
 5 exceed seventy-two (72) consecutive hours. A licensed charitable  
 6 organization shall not be eligible for more than eight (8) total charity  
 7 fundraising event licenses per year, including two (2) special limited charity  
 8 fundraising event licenses. A person under twenty-one (21)~~eighteen (18)~~  
 9 years of age shall not be allowed to play or conduct any special limited  
 10 charitable game. Subject to the authority of the corporation, the office shall  
 11 have broad authority to regulate the conduct of special limited charity  
 12 fundraising events in accordance with the provisions of KRS 238.547; and
- 13 (f) Charity fundraising events may be held:
- 14 1. On or in the premises of a licensed charitable organization;
  - 15 2. In a licensed charitable gaming facility, subject to restrictions contained  
 16 in KRS 238.555(7); or
  - 17 3. At an unlicensed facility which shall be subject to the requirements  
 18 stipulated in KRS 238.555(3), and subject to the restrictions contained in  
 19 KRS 238.547(2).
- 20 (5) *In any prosecution for selling charitable gaming supplies to a minor it shall be an*  
 21 *affirmative defense that the sale was induced by the use of false, fraudulent, or*  
 22 *altered identification papers or other documents and that the appearance and*  
 23 *character of the purchaser were such that the purchaser's age could not have*  
 24 *been ascertained by any other means and that the purchaser's appearance and*  
 25 *character indicated strongly that the purchaser was of legal age to purchase*  
 26 *charitable gaming supplies. This evidence may be introduced either in mitigation*  
 27 *of the charge or as a defense to the charge itself*~~Presentation of false, fraudulent,~~

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

5       ➔Section 30. KRS 238.555 is amended to read as follows:

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

11       (b) The office shall charge a license fee not to exceed ***five thousand dollars***  
 12       ***(\$5,000)***~~[two thousand five hundred dollars (\$2,500)].~~ ***Facilities that are***  
 13       ***utilized by two (2) or fewer charitable organizations for the purpose of***  
 14       ***conducting charitable gaming shall not be charged a licensing fee under***  
 15       ***this section.*** Specific license fees to be charged shall be:

- 16       1. Prescribed in a graduated scale promulgated by administrative  
 17       regulation; and
- 18       2. Based on the number of sessions which the facility holds per week or  
 19       other applicable factors or combination of factors.

20       (c) Charitable gaming may be conducted in a charitable gaming facility only by a  
 21       licensed charitable organization in accordance with the provisions of this  
 22       chapter.

23       (2) In the application process, an applicant for a charitable gaming facility license shall  
 24       submit the following information:

- 25       (a) The address of the facility;
- 26       (b) A description of the facility to include square footage of the gaming area,  
 27       capacity levels, and available parking;

- 1 (c) **The applicant's ability to manage and operate the charitable gaming facility**  
 2 **and comply with all applicable standards;**
- 3 (d) The names, addresses, dates of birth, and Social Security numbers of all  
 4 individuals employed by or contracted with the applicant to manage the  
 5 facility or provide other authorized services;
- 6 (e)~~(d)~~ The name, address, date of birth, and Social Security number of any  
 7 individual who has a ten percent (10%) or greater financial interest in the  
 8 facility;
- 9 (f)~~(e)~~ A copy of the lease agreement used by the applicant; and
- 10 (g)~~(f)~~ Any other information the office deems appropriate.
- 11 (3) ~~An~~~~No~~ owner, officer, employee, **agent** or contractee **or agent or employee of a**  
 12 **contractee or agent** of a licensed charitable gaming facility or an affiliate, or any  
 13 member of the immediate family of any officer, employee, or contractee of a  
 14 licensed charitable gaming facility or an affiliate shall **not**, concerning a lessee:
- 15 (a) Manage or otherwise be involved in the conduct of charitable gaming,  
 16 **including but not limited to being designated as or serving as a chairperson**  
 17 **under this chapter;**
- 18 (b) Provide bookkeeping or other accounting services related to the conduct of  
 19 charitable gaming;
- 20 (c) Handle any moneys generated in the conduct of charitable gaming;
- 21 (d) Advise a licensed charitable organization on the expenditure of net receipts;
- 22 (e) Provide transportation services in any manner to patrons of a charitable  
 23 gaming activity;
- 24 (f) **Solicit licensed charitable organizations to participate in the conduct of**  
 25 **charitable gaming at the charitable gaming facility in order to profit from**  
 26 **the conduct of charitable gaming;**
- 27 (g) Provide advertisement or marketing services in any manner to a licensed

1 charitable organization;

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

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

6 ~~(j)(i)~~ Donate or give any prize to be awarded in the conduct of charitable  
7 gaming; **or**

8 **(k) Hold a distributor license under this chapter.**

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

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

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

- 23 1. A city containing a population equal to or greater than twenty thousand  
24 (20,000) based upon the most recent federal decennial census;
- 25 2. An urban-county government;
- 26 3. A consolidated local government;
- 27 4. A charter county government; or

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

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

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

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

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

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

21          ➔Section 31. KRS 238.560 is amended to read as follows:

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

27          (2) The office may investigate allegations of wrongdoing upon complaint or upon its

1 own volition. The corporation by administrative regulation may establish  
2 procedures for receiving and investigating complaints in an expeditious manner.

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

4 (a) Inspect and examine all premises in which or on which charitable gaming is  
5 conducted or charitable gaming supplies or equipment are manufactured or  
6 distributed;

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

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

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

14 ~~(4)~~~~(3)~~ (a) As used in this subsection, "willful" means that the conduct constituting  
15 the violation was committed with intent, not accidentally or inadvertently.

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

20 (c) The office may deny a license, suspend or revoke a license, ***impose***  
21 ***probationary conditions on a license, issue a written reprimand or warning,***  
22 ***impose fines or penalties,*** issue a cease and desist order, ***or any combination***  
23 ***thereof with regard to any licensee or other person participating in***  
24 ***charitable gaming in Kentucky for a violation of any federal or state statute,***  
25 ***administrative regulation, or corporation's directive, ruling, or order*** ~~[place a~~  
26 ~~license holder on probation, issue a letter of reprimand or letter of warning,~~  
27 ~~and levy a fine].~~ An administrative fine shall not exceed ***five thousand dollars***

1            (\$5,000)~~one thousand dollars (\$1,000)~~ for each offense. The office may  
2 deny the issuance of a license or a license renewal if the applicant or licensee  
3 has failed to pay a fine levied by the office. The corporation may by  
4 administrative regulation classify types of offenses and the recommended  
5 administrative action. The type of action to be taken shall be based on the  
6 history of previous violations and the nature, severity, and frequency of the  
7 offense. Administrative action authorized in this section shall be in addition to  
8 any criminal penalties provided in this chapter or under other provisions of  
9 law.

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

1 an organization quarterly report within the four (4) year period if  
2 violations or errors that are not willful are discovered. This  
3 subparagraph shall not be construed to require records that are not  
4 needed to audit or review an organization quarterly report to be kept  
5 longer than is required elsewhere in this chapter or in any related  
6 administrative regulations.

- 7 3. Notwithstanding the provisions of subparagraph 2. of this paragraph, for  
8 a violation that is determined to be willful, the office may pursue the  
9 administrative actions authorized by this section at any time.
- 10 4. A letter of warning issued under this section shall:
- 11 a. Identify the violation;
- 12 b. Describe the corrective action necessary;
- 13 c. Identify the administrative actions that can be taken if the violation  
14 is not addressed; and
- 15 d. Provide that the person shall have thirty (30) days to correct the  
16 action leading to the violation.

17 ~~(5)~~~~(4)~~ The office may reinstate a license that has been revoked at any time after two  
18 (2) years from the date of revocation. A license may be reinstated only upon a  
19 finding that the violations for which the license was revoked have been corrected.

20 ~~(6)~~~~(5)~~ All departments, divisions, boards, agencies, officers, and institutions of the  
21 Commonwealth of Kentucky and all subdivisions thereof, in particular local law  
22 enforcement entities, shall cooperate with the office in carrying out its enforcement  
23 responsibilities.

24 ~~(7)~~~~(6)~~ The office shall report any activity or action which would constitute a  
25 criminal offense to the appropriate authorities in the county where the activity or  
26 action occurred and to the Attorney General.

27 ~~(8)~~~~(7)~~ All administrative actions taken under this section shall be subject to the final

1 order of the corporation.

2 ➔Section 32. KRS 238.565 is amended to read as follows:

3 (1) A license holder may appeal any administrative action taken under KRS 238.560. A  
4 license holder shall be notified in writing of any action to be taken against him or  
5 her. The notification may be delivered in person or mailed by certified mail, return  
6 receipt requested, to the last known address of the license holder. Service of  
7 notification of administrative action, whether by hand delivery or by certified mail,  
8 shall be deemed complete if the license holder fails or refuses to accept delivery.  
9 For service by hand delivery, notification shall be deemed received upon  
10 acceptance of delivery or upon failure or refusal to accept delivery, and the person  
11 affecting service on behalf of the office shall record the fact of the failure or refusal.  
12 For service by certified mail, the notification of administrative action shall be  
13 deemed received when the license holder accepts delivery or fails or refuses to  
14 accept delivery at the last known address. The notification shall specify the charges  
15 against the license holder, specify the proposed administrative sanction, and advise  
16 the license holder of the right to appeal the decision within ten (10) days of the date  
17 of receipt of the notification.

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

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

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

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

- 1           1. The name, address, telephone number, and signature of the person  
2                           requesting the stay;
- 3           2. A statement of the justification for the stay; and
- 4           3. The period of time for which the stay is requested.
- 5           (e) On a finding of good cause, the president or his or her designee may grant  
6                           the stay. The president or his or her designee shall issue a written decision  
7                           granting or denying the request for stay within five (5) calendar days from  
8                           the time the application for stay is received by the president or his or her  
9                           designee. If the president or his or her designee fails to timely issue a  
10                          written decision, then the stay is deemed granted. The president or his or  
11                          her designee may rescind a stay granted under this subsection for good  
12                          cause.
- 13           (f) A person who is denied a stay by the president or his or her designee, or has  
14                           a previously granted stay rescinded under paragraph (e) of this subsection,  
15                           may petition the corporation to overrule the president's or designee's denial  
16                           or rescission of the stay. The petition shall be filed in writing with the  
17                           chairperson of the board of directors of the corporation and received by the  
18                           chairperson within ten (10) calendar days of the mailing of the president's  
19                           or designee's denial of the stay. The petition shall state the name, address,  
20                           phone number, and signature of the petitioner; a statement of justification  
21                           of the stay; and the time period for which the stay is requested. The  
22                           chairperson shall convene a special meeting of the board of directors of the  
23                           corporation within ten (10) calendar days of receipt of the petition, and the  
24                           corporation shall issue a written final order granting or denying the petition  
25                           within two (2) calendar days of the special meeting. If the corporation fails  
26                           to timely issue a final order on the petition, then the stay is granted. The  
27                           corporation may rescind a stay granted under this subsection for good

1           cause.

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

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

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

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

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

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

27           (b) 1. A license holder may first appeal a summary suspension under

- 1                    paragraph (a) of this subsection to the corporation.
- 2                    2. Upon receipt of an appeal, the corporation shall issue a decision to the
- 3                    license holder within twenty (20) days.
- 4                    3. a. If the license holder receives a determination from the
- 5                    corporation that the ceasing of operations stands, the license
- 6                    holder may appeal again to the corporation; and
- 7                    b. Upon receipt of the second appeal, the corporation shall
- 8                    schedule the matter for an administrative hearing that shall be
- 9                    conducted in accordance with KRS Chapter 13B.

10 (7) This chapter shall not prohibit the corporation from temporarily suspending

11 operations of an individual electronic gaming device in the event of a technical

12 breach or temporary emergency.

13 (8) A final order of the corporation may be appealed to the Circuit Court of the county

14 where the appellant works or resides in accordance with KRS Chapter 13B. If the

15 license holder against whom administrative action is proposed does not request an

16 appeal of the action, the corporation shall enter a final order imposing the proposed

17 administrative action.

18 ➔Section 33. KRS 243.500 is amended to read as follows:

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

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

- 1 beverages or the sale, distribution, or transportation of cannabis-infused  
2 beverages within two (2) consecutive years;
- 3 (b) Two (2) misdemeanors directly or indirectly attributable to the use of  
4 alcoholic beverages or cannabis-infused beverages within two (2) consecutive  
5 years; or
- 6 (c) Any felony.
- 7 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any  
8 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of  
9 Congress relative to taxation, or for a violation of any related administrative  
10 regulations promulgated by the Department of Revenue.
- 11 (5) (a) Revocation of any license or permit provided in KRS 243.060, 243.070,  
12 243.600, and 243.610, or granted under any Act of Congress relative to the  
13 regulation of the manufacture, sale, and transportation of alcoholic beverages.
- 14 (b) Revocation of any license established under KRS 243.200, 243.403, or  
15 243.405 relative to the sale, distribution, or transportation of cannabis-infused  
16 beverages.
- 17 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any  
18 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or  
19 facility for betting or transmitting bets on horse races; or permitting to be set up,  
20 conducted, operated, kept, or engaged in, on the licensed premises, any gambling  
21 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.
- 22 This subsection shall not apply to:
- 23 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 24 (b) The operation of a pari-mutuel system for betting, or the operation of sports  
25 wagering, where authorized by law;
- 26 (c) The conduct of charitable gaming by a charitable organization licensed or  
27 permitted under KRS Chapters 230 and 238;~~[-or]~~

- 1 (d) Special temporary raffles of alcoholic beverages under KRS 243.036;
- 2 (e) The conduct of fantasy contests under KRS Chapter 230;
- 3 (f) The conduct of fixed-odds wagering under KRS Chapter 230; or
- 4 (g) Wagering on live horse races and historical horse races authorized by KRS
- 5 Chapter 230.

- 6 (7) Conviction of the licensee, the licensee's agents, servants, or employees for:
- 7 (a) The trafficking or possession upon the licensed premises of controlled or
- 8 illegal substances described in KRS Chapter 218A, including synthetic drugs;
- 9 (b) Knowingly permitting the trafficking or possession by patrons upon the
- 10 licensed premises of controlled or illegal substances described in KRS
- 11 Chapter 218A, including synthetic drugs; or
- 12 (c) Knowingly receiving stolen property upon the licensed premises.
- 13 (8) Failure to comply with the terms of a final order of the board.

14 ➔Section 34. KRS 436.480 is amended to read as follows:

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

16 wagering on live horse races and historical horse races, or sports wagering authorized

17 under the provisions of KRS Chapter 230.

18 ➔Section 35. KRS 525.090 is amended to read as follows:

- 19 (1) A person is guilty of loitering when the person:
- 20 (a) Loiters or remains in a public place for the purpose of gambling with cards,
- 21 dice, or other gambling paraphernalia, except that the provisions of this
- 22 section shall not apply if the person is participating in charitable gaming
- 23 defined by KRS 238.505, or is engaged in sports wagering, fantasy contests,
- 24 fixed-odds wagering, or wagering on live horse races and historical horse
- 25 races licensed under KRS Chapter 230;
- 26 (b) Loiters or remains in a public place for the purpose of unlawfully using a
- 27 controlled substance;

- 1 (c) Loiters or remains in or about a school, college, or university building or  
 2 grounds, not having any reason or relationship involving custody of or  
 3 responsibility for a pupil or student or any other specific legitimate reason for  
 4 being there and not having written permission from anyone authorized to  
 5 grant the same; or
- 6 (d) Loiters or remains in any transportation facility, unless specifically authorized  
 7 to do so, for the purpose of soliciting or engaging in any business, trade, or  
 8 commercial transactions involving the sale of merchandise or services.

9 (2) Loitering is a violation.

10 ➔Section 36. KRS 528.010 is amended to read as follows:

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

12 (1) (a) "Advancing gambling activity" means~~[—A person "advances gambling~~  
 13 ~~activity" when, acting other than as a player, he or she engages in]~~ conduct a  
 14 person engages in other than as a player that materially aids any form of  
 15 gambling activity not authorized under KRS Chapters 154A, 230, or 238.

16 (b) "Advancing gambling activity" includes~~[The conduct shall include,]~~ but is  
 17 not limited to~~[,]~~ conduct directed toward the:

- 18 1. Establishment of the particular game, contest, scheme, device, or  
 19 activity involved;~~[toward the]~~
- 20 2. Acquisition or maintenance of premises, paraphernalia, equipment, or  
 21 apparatus therefor;~~[toward the]~~
- 22 3. Solicitation or inducement of persons to participate therein;~~[toward the]~~
- 23 4. Actual conduct of the playing phases thereof; or~~[toward the]~~
- 24 5. Arrangement of any of its financial or recording phases or toward any  
 25 other phase of its operation.

26 (c) A person who gambles at a social game of chance on equal terms with other  
 27 participants does not otherwise advance gambling activity by performing acts,

1 without remuneration or fee, directed toward the arrangement or facilitation of  
2 the game, such as inviting persons to play, permitting the use of premises  
3 therefor and supplying equipment used therein;

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

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

9 (4) (a) "Coin-operated amusement machine" means a lawful machine or device that  
10 requires the direct or indirect payment of consideration, including but not  
11 limited to the insertion of a coin, currency, ticket, token, or similar object, or  
12 the depositing of funds with the operator or owner of the device, and that  
13 contains no material element of chance and automatically, by or through some  
14 mechanical operation, affords music or amusement of some character with or  
15 without vending any merchandise, but in addition to any merchandise.

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

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

25 1. The wholesale value of a merchandise prize awarded as a result of the  
26 single play of a machine, either directly or as a result of redemption of a  
27 redeemable voucher, does not exceed twenty-five dollars (\$25);

- 1           2. Redeemable vouchers are not redeemable for any merchandise prize that  
2           has a wholesale value of more than twenty-five dollars (\$25) times the  
3           fewest number of single plays necessary to accrue the redeemable  
4           vouchers required to obtain that prize; and
- 5           3. Any redeemable vouchers or merchandise prizes are distributed at the  
6           site of the coin-operated amusement machine at the time of play.
- 7       (d) The noncash merchandise prize shall not be:
- 8           1. An alcoholic beverage;
- 9           2. Eligible for purchase or repurchase; or
- 10          3. Exchangeable for any cash, cash equivalents, or something of value  
11          whatsoever;
- 12       (5) (a) "E-sports competition" means a league, competitive circuit, tournament, or  
13          similar competition in which:
- 14           1. Two (2) or more participants or teams of participants compete directly  
15           against each other for entertainment and prizes in the same video game  
16           at the same time, typically for spectators;
- 17           2. Results are determined solely on the basis of the skill of the players;
- 18           3. The number of participants is fixed before the beginning of the  
19           competition;
- 20           4. Any fee collected to participate in the competition shall be collected  
21           from all participants before the competition begins;
- 22           5. At least one (1) participant shall receive something of value based on the  
23           results of the competition; and
- 24           6. The value of any prize shall be predetermined before the competition  
25           begins.
- 26       (b) E-sports shall not include traditional casino games which include but are not  
27          limited to poker, roulette, craps, or blackjack;

1 (6) (a) "Gambling" means staking or risking something of value upon the outcome of  
2 a contest, game, gaming scheme, or gaming device which is based upon an  
3 element of chance, in accord with an agreement or understanding that  
4 someone will receive something of value in the event of a certain outcome.  
5 "Gambling" includes playing or offering for play any game, contest, or  
6 competition utilizing a gambling device.

7 (b) "Gambling" does not include:

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

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

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

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

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

1 consideration paid for internet access or computer time, or a  
2 sweepstakes entry, which when operated may deliver as a result of the  
3 application of any element of chance, regardless of whether the result is  
4 also partially or predominantly based on skill, any money or property, or  
5 by the operation of which a person may become entitled to receive, as  
6 the result of the application of any element of chance, regardless of  
7 whether the result is also partially or predominantly based on skill, any  
8 money or property;

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

17 4. Any electronic, computerized, or mechanical contrivance, terminal,  
18 machine, or other device that:

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

24 b. Offers games the outcomes of which are determined by any  
25 element of skill of the player and may deliver or entitle the person  
26 playing or operating the device to receive cash, cash equivalents,  
27 or gift cards or vouchers, billets, tickets, tokens, or electronic

1 credits to be exchanged for cash or to receive merchandise or  
2 something of value, whether the payoff is made automatically  
3 from the device or manually.

4 (b) The following shall not be considered gambling devices within this definition:

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

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

10           **9.    Devices used for fixed-odds wagering;**

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

12       (a) A gambling scheme in which:

- 13           1.    The players pay or agree to pay something of value for chances,  
 14           represented and differentiated by numbers or by combinations of  
 15           numbers or by some other media, one (1) or more of which are to be  
 16           designated the winning ones;
- 17           2.    The ultimate winner is to be determined by a drawing or by some other  
 18           method based upon the element of chance; and
- 19           3.    The holders of the winning chances are to receive something of value;  
 20           and

21       (b) A gift enterprise or referral sales plan which meets the elements of a lottery  
 22           listed in paragraph (a) of this subsection is to be considered a lottery under  
 23           this chapter;

24   (9) "Mutuel" or "the numbers games" means a form of lottery in which the winning  
 25           chances or plays are not determined upon the basis of a drawing or other act on the  
 26           part of persons conducting or connected with the scheme, but upon the basis of the  
 27           outcome or outcomes of a future contingent event or events otherwise unrelated to

- 1 the particular scheme;
- 2 (10) "Player" means a person who engages in any form of gambling solely as a  
3 contestant or bettor, without receiving or becoming entitled to receive any profit  
4 therefrom other than personal gambling winnings, and without otherwise rendering  
5 any material assistance to the establishment, conduct, or operation of the particular  
6 gambling activity. A person who engages in "bookmaking" as defined in subsection  
7 (2) of this section is not a "player." The status of a "player" shall be a defense to any  
8 prosecution under this chapter;
- 9 (11) "Profiting from gambling activity" occurs ~~—A person "profits from gambling~~  
10 ~~activity"~~ when, other than as a player, a person ~~he or she~~ accepts or receives or  
11 agrees to accept or receive money or other property pursuant to an agreement or  
12 understanding with any other person whereby the person ~~he or she~~ participates or  
13 is to participate in the proceeds of gambling activity not authorized under KRS  
14 Chapters 154A, 230, or 238;
- 15 (12) "Simulated gambling program" means any method intended to be used by a person  
16 playing, participating, or interacting with an electronic device that may, through the  
17 application of any element of chance, either deliver money or property or an  
18 entitlement to receive money or property;
- 19 (13) "Skill" means the knowledge, dexterity, or any other ability or expertise of a natural  
20 person;
- 21 (14) "Skill-based contest" means a live, in-person competitive event among two (2) or  
22 more individuals or teams of individuals in which the ultimate winner is determined  
23 by skill and the competitive event does not utilize a gambling device; and
- 24 (15) (a) "Something of value" means any money or property, any token, object, or  
25 article exchangeable for money or property, or any form of credit or promise  
26 directly or indirectly contemplating transfer of money or property or of any  
27 interest therein, or involving extension of a service, entertainment, or a

1 privilege of playing at a game or scheme without charge.

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

5 ➔Section 37. KRS 528.070 is amended to read as follows:

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

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

11 ➔Section 38. KRS 2.015 is amended to read as follows:

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

17 ➔Section 39. KRS 68.182 is amended to read as follows:

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

22 (2) As used in this section:

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

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

25 a. Owned, leased, or purchased by an association licensed by the  
26 Kentucky Horse Racing and Gaming Corporation under KRS  
27 230.300;

1           b. That meets the definition of "track" under KRS  
2           230.210(46)~~[(37)]~~(c); and

3           c. Where pari-mutuel wagering on historical horse races is conducted  
4           on terminals approved by the Kentucky Horse Racing and Gaming  
5           Corporation.

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

10       ➔Section 40. KRS 91.202 is amended to read as follows:

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

13       (2) As used in this section:

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

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

16           a. Owned, leased, or purchased by an association licensed by the  
17           Kentucky Horse Racing and Gaming Corporation under KRS  
18           230.300;

19           b. That meets the definition of "track" under KRS  
20           230.210(46)~~[(37)]~~(c); and

21           c. Where pari-mutuel wagering on historical horse races is conducted  
22           on terminals approved by the Kentucky Horse Racing and Gaming  
23           Corporation.

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

1           ➔Section 41. KRS 92.282 is amended to read as follows:

- 2       (1) Occupational license fees levied under KRS 92.281 by the legislative body of a city  
3           may apply to racetrack extensions.
- 4       (2) As used in this section:
- 5           (a) "Historical horse race" has the same meaning as in KRS 138.511; and
- 6           (b) 1. "Racetrack extension" means any facility:
- 7                   a. Owned, leased, or purchased by an association licensed by the  
8                           Kentucky Horse Racing and Gaming Corporation under KRS  
9                           230.300;
- 10                   b. That meets the definition of "track" under KRS  
11                           230.210~~(46)~~~~(37)~~(c); and
- 12                   c. Where pari-mutuel wagering on historical horse races is conducted  
13                           on terminals approved by the Kentucky Horse Racing and Gaming  
14                           Corporation.
- 15           2. "Racetrack extension" does not include a facility or real property used  
16                   for training horses or at which live horse races are run for stakes, purses,  
17                   or prizes under the jurisdiction of the Kentucky Horse Racing and  
18                   Gaming Corporation.

19           ➔Section 42. KRS 238.550 is amended to read as follows:

- 20       (1) All adjusted gross receipts from charitable gaming shall be handled only by  
21           chairpersons, officers, or employees of the licensed charitable organization.
- 22       (2) Except as authorized by subsection (1) of this section, within five (5) business  
23           days after the completion of a charitable gaming event or session, all gross receipts  
24           and adjusted gross receipts shall be deposited into one checking account devoted  
25           exclusively to charitable gaming. This checking account shall be designated the  
26           "charitable gaming account," and the licensed charitable organization shall maintain  
27           its account at a financial institution located in the Commonwealth of Kentucky.†

1        ~~No~~ Other funds shall not~~[may]~~ be deposited or transferred into the charitable  
2        gaming account.

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

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

- 1 (5) Accurate records and books shall be maintained by each organization exempt from  
2 licensure under KRS 238.535(1) and each licensed charitable organization for a  
3 period of three (3) years. Office staff shall have access to these records at  
4 reasonable times. Licensed charitable organizations and exempt organizations shall  
5 maintain their charitable gaming records at their offices or places of business within  
6 the Commonwealth of Kentucky as identified in their license applications or  
7 applications for exempt status. An exempt organization shall submit a yearly  
8 financial report in accordance with KRS 238.535(2), and failure to file this report  
9 shall constitute grounds for revocation of the organization's exempt status.
- 10 (6) All licensed charitable organizations that have annual gross receipts of two hundred  
11 thousand dollars (\$200,000) or less and do not have a weekly bingo session shall  
12 report to the office annually at the time and on a form established in administrative  
13 regulations promulgated by the corporation.
- 14 (7) All other licensed charitable organizations shall submit reports to the office at least  
15 quarterly at the time and on a form established in administrative regulations  
16 promulgated by the corporation.
- 17 (8) Failure by a licensed charitable organization to file reports required under this  
18 chapter shall constitute grounds for revocation of the organization's license or  
19 denial of the organization's application to renew its license in accordance with KRS  
20 238.560~~(4)~~~~(3)~~. Reports filed by a licensed charitable organization shall include but  
21 shall not be limited to the following information:
- 22 (a) All gross receipts received from charitable gaming for the reporting period,  
23 classified by type of gaming activity;
- 24 (b) The names and addresses of all persons who are winners of prizes having a  
25 fair market value of six hundred dollars (\$600) or more;
- 26 (c) All expenses paid and the names and addresses of all persons to whom  
27 expenses were paid;

- 1 (d) All net receipts retained and the names and addresses of all charitable  
2 endeavors that received money from the net receipts; and
- 3 (e) Any other information the office deems appropriate.
- 4 (9) ~~A~~~~No~~ licensed charitable organization shall ***not*** incur charitable gaming expenses,  
5 except as provided in this chapter. ~~A~~~~No~~ licensed charitable organization shall ***not***  
6 be permitted to expend amounts in excess of prevailing market rates for the  
7 following charitable gaming expenses:
- 8 (a) Charitable gaming supplies and equipment;
  - 9 (b) Rent;
  - 10 (c) Utilities;
  - 11 (d) Insurance;
  - 12 (e) Advertising;
  - 13 (f) Janitorial services;
  - 14 (g) Bookkeeping and accounting services;
  - 15 (h) Security services;
  - 16 (i) Membership dues for its participation in any charitable gaming trade  
17 organization; and
  - 18 (j) Any other expenses the corporation may determine by administrative  
19 regulation to be legitimate.
- 20 (10) ~~A~~~~No~~ licensed charitable organization shall ***not*** expend receipts from charitable  
21 gaming activities nor incur expenses to form, maintain, or operate as a labor  
22 organization.
- 23 (11) For the purposes of deposits under subsection (2) of this section, a licensed  
24 charitable organization conducting charitable gaming events or sessions shall only  
25 be required to deposit its gross receipts and adjusted gross receipts one (1) time per  
26 week if the following conditions are met:
- 27 (a) The charitable gaming involves only games using charity game tickets;

1 (b) The charitable gaming is not part of a charity fundraising event; and

2 (c) The licensed charitable organization's deposits of gross receipts and adjusted  
3 gross receipts from charitable gaming total less than two thousand five  
4 hundred dollars (\$2,500) in the week prior to the deposit.

5 ➔Section 43. The Kentucky Horse Racing and Gaming Corporation shall present  
6 a status report on the purse stabilization fund established in Section 10 of this Act no later  
7 than November 30, 2027, to the Interim Joint Committee on Licensing, Occupations, and  
8 Administrative Regulations, to include the amount:

9 (1) Received in the fund; and

10 (2) Of moneys bet in fixed-odds wagering on horse racing versus all other  
11 sporting events.

12 ➔Section 44. This Act may be cited as the Wagering Consumer Protection Act.