

PUBLIC PROTECTION CABINET
Kentucky Horse Racing Commission
(Amended at ARRS Committee)

810 KAR 7:060. Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund.

RELATES TO: KRS 138.510, 230.215, 230.225, 230.443, 230.445

STATUTORY AUTHORITY: KRS 230.215(2), 230.260(8), 230.445

NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215 and 230.260 authorize the commission to promulgate administrative regulations establishing the conditions under which horse racing shall be conducted in Kentucky and to fix and regulate the minimum amount of purses, stakes, or awards to be offered for the conduct of any horse race meeting. KRS 230.445 establishes the Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian development fund and requires the commission to promulgate administrative regulations to carry out the purpose of the statute and to administer the development fund in a manner to promote and aid in the development of the horse industry in Kentucky, upgrade the quality of racing in Kentucky, and to improve the quality of horses bred in Kentucky. This administrative regulation establishes eligibility standards, administrative practices to enforce the standards, and the administration of purses and payments in these races.

Section 1. Definitions.

- (1) "Broodmare" means a mare that conceives and carries her genetic foal to term.
- (2) "Donor mare" means the mare from which an embryo is harvested for the purpose of performing an embryo transfer.
- (3) "Fund" means the Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund established by KRS 230.445.
- (4) "Kentucky bred" means that a horse that meets the requirements of this administrative regulation and is:
 - (a) A Quarter Horse registered with the American Quarter Horse Association or its successor;
 - (b) An Appaloosa registered with the Appaloosa Horse Club or its successor;
 - (c) An Arabian registered with the Arabian Horse Association Registry or its successor; or
 - (d) A Paint Horse registered with the American Paint Horse Association or its successor.
- (5) "Mare" means a broodmare, donor mare, or recipient mare.
- (6) "Recipient mare" means a mare of any breed who:
 - (a) Is implanted with an embryo from a donor mare;
 - (b) Carries the non-genetic foal to term; and
 - (c) Is implanted with an electronic horse identification microchip that accurately identifies the horse and is compliant with international standards ISO 11784.

Section 2. Advisory Committee. The fund advisory committee shall consist of five (5) members, all of whom shall be Kentucky residents, to be appointed by the chairman of the commission by July 1 of each year. The committee shall consist of one (1):

- (1) Member of the commission;
- (2) Officer or director of a licensed racing association in Kentucky conducting Quarter Horse, Paint Horse, Appaloosa, or Arabian racing;
- (3) Owner of a horse nominated to the fund;
- (4) Owner of a mare registered with the fund; and
- (5) Member of the Kentucky Quarter Horse Racing Association recommended by that organization's board of directors.

Section 3. Mare Eligibility.

(1) In order for a foal to be eligible to earn money from the fund, the broodmare or both the donor and recipient mares shall be registered with the fund on or before February 15 of the year of conception. Late registration may be accepted on or before June 15 of the year of conception as established by subsection (3) of this section.

(a) Registration fees for mares conceiving foals during the 2023 and 2024 breeding seasons shall be waived, and the registration deadlines for each year of conception shall be extended to December 31 of the year of conception, in order to promote field growth.

(b) Weanling and all other applicable fees regarding the foals shall remain in effect for all foals, including foals conceived during 2023 and 2024.

(2) In order to be eligible to be registered with the fund, a mare, whether a broodmare, donor mare, or recipient mare, shall reside in Kentucky for a period of no less than 120 days from conception or embryo transfer implantation until foaling.

(3) A mare shall be registered with the fund by:

(a) Completing and filing with the commission a Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund Mare Registration Form, KHRC 7-060-1 and;

(b) Providing the commission with a photocopy of:

1. The mare's official breed registration papers from the American Quarter Horse Association, American Paint Horse Association, Appaloosa Horse Club, the Arabian Horse Association Registry, or The Jockey Club or their respective successors; or

2. Documentation regarding a recipient mare's electronic horse identification microchip.

Section 4. Nomination.

(1) Except as established in subsection (4) of this section, in order for a horse to be eligible to earn money from the fund, it shall be "Kentucky bred" as defined by Section 1 of this administrative regulation and shall be nominated to the fund by:

(a) Completing and filing with the commission a Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund Nomination Form, KHRC 7-060-2 and;

(b) Providing the commission with a photocopy of the horse's official breed registration papers from the American Quarter Horse Association, American Paint Horse Association, Appaloosa Horse Club, or the Arabian Horse Association Registry, or their respective successors

(2) In order for a foal that is the product of an embryo transfer to be eligible to earn monies from the fund, the donor mare and the recipient mare shall be registered as established in Section 3 of this administrative regulation and shall meet the other requirements of this administrative regulation.

(3) If a registered donor mare produces more than one (1) foal in one (1) breeding season, two (2) genetic foals may be nominated to the fund as determined by the owner of the donor mare.

(4) A horse born before 2024 shall be eligible for nomination to the fund and participate in races offering monies from the fund. A horse shall be nominated by:

(a) Completing and filing with the commission a Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund Nomination Form, KHRC 7-060-2; and

(b) Including the following with the nomination form:

1. A photocopy of the official breed registration papers from the American Quarter Horse Association, American Paint Horse Association, Appaloosa Horse Club, or the Arabian Horse Association Registry, or their respective successors;

2. Registration papers showing ownership and demonstrating that the horse was foaled in Kentucky;

3. An official breed registry shipped semen report or a stallion breeders certificate demonstrating that the horse was conceived in Kentucky; and
 4. A signed affidavit from the owner of the mare at the time of her pregnancy stating that the mare resided in Kentucky for a period of no less than 120 days from conception or embryo transfer implantation until foaling.
- (5) Nothing in this section shall prevent a registered mare from being eligible to race for monies from the fund.

Section 5. Monies Allocated.

- (1) Money deposited to the Fund shall be allocated on an equitable basis as determined by the commission, pursuant to KRS 230.445.
- (2) In allocating, the commission shall consider at least the following factors:
 - (a) The amount contributed to the fund by each association;
 - (b) The amount of handle collected by each association;
 - (c) The breed or breeds approved for racing in Kentucky; and
 - (d) The population of horses by breed registered in Kentucky that are registered with the fund.

Section 6. Distribution of Funds.

- (1) Each association shall submit a request to the advisory committee, including the proposed races eligible to receive monies from the fund and the proposed purse structure for those races, at least forty-five (45) days prior to the opening day of the live racing meet.
- (2) Unless there is a commission-approved proposal to the contrary, the proposed purse structure shall not exceed the total dollars generated by that breed to the association's fund account. Commission approval shall be based on the standards established in Section 5(2) of this administrative regulation.
- (3) The advisory committee shall review the proposed eligible races and purse structure and make a recommendation whether or not to approve the proposed races and purse structure to the commission based upon the best interests of Kentucky racing.
- (4) Two (2) or more associations conducting Quarter Horse, Paint Horse, Appaloosa, or Arabian racing may request permission from the advisory committee to combine their respective fund monies to supplement purses at one (1) of the associations. The advisory committee shall recommend to the commission whether or not to approve the request, based on Section 5(2) of this administrative regulation.

Section 7. Reconciliation.

- (1) Each association shall file weekly with the commission a copy of the pari-mutuel tax form filed with the Department of Revenue, along with a copy of the check submitted for each report.
- (2) Each association shall report to the commission the actual purse distribution within fifteen (15) calendar days after the last day of a live race meeting.
- (3) The commission shall, on a monthly basis, reconcile the weekly reports submitted by the association with the Department of Revenue's reports and deposits.
- (4) If, at the close of a live race meet, an association has a balance of monies earned for that meet that has not been distributed in actual fund purse distribution, then the association may choose one (1) of the following options to distribute the remaining balance, contingent on the recommendation of the advisory committee and the approval of the commission:
 - (a) Use fund monies previously earned to supplement purses at future live racing meets held by that association; or
 - (b) Use fund monies previously earned to supplement purses already distributed at the last live racing meet held by the association to the recipients of the original purse

allocations.

(5) If, at the close of a live race meet, an association offering wagering on historical horse races has a balance of fund monies earned from historical horse race wagers that has not been distributed in actual fund purse distribution, then the association may choose one (1) of the following options to distribute a portion of the balance, contingent on the recommendation of the advisory committee and the approval of the commission:

(a) Use the historical horse race fund monies previously earned to supplement purses at future live racing meets held by that association;

(b) Use historical horse race fund monies previously earned to supplement purses already distributed at the last live racing meet held by the association to the recipients of the original purse allocations; or

(c) Use historical horse race fund monies previously earned to supplement purses at another licensed Kentucky racetrack.

(6) Reasonable and customary administrative charges for time spent reconciling the account may be charged to each association by the commission based on the percentage of funds generated by each association for the previous calendar year.

(7) Each association shall sign an agreement stating that it accepts and agrees with the reconciliation prior to reimbursement of any funds.

Section 8. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) "Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund Mare Registration Form", KHRC 7-060-1, 04/2023;

(b) "Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund Nomination Form", KHRC 7-060-2, 04/2023; and

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Horse Racing Commission, 4063 Iron Works Parkway, Building B, Lexington, Kentucky 40511, Monday through Friday, 8:00 a.m. to 4:30 p.m. This material is also available on the commission's Web site at <http://khrc.ky.gov>.

(45 Ky.R. 1989; 3161; eff. 5-31-2019; 49 Ky.R. 2381, 50 Ky.R. 668; eff. 12-5-2023.)

FILED WITH LRC: August 8, 2023

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