

1 AN ACT relating to entertainment activities, making an appropriation therefor, and
2 declaring an emergency.

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

4 ➔SECTION 1. KRS CHAPTER 239 IS ESTABLISHED AND A NEW
5 SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

6 *As used in this chapter unless the context requires otherwise:*

- 7 *(1) "Adjusted gross revenue" means the total sum of entry fees collected by a fantasy*
8 *contest operator from all participants entering a fantasy contest, less winnings*
9 *paid to participants in the contest, multiplied by the resident percentage;*
- 10 *(2) "Beginner" means a fantasy contest player who has entered fewer than fifty-one*
11 *(51) contests offered by a single fantasy contest operator and who does not*
12 *otherwise meet the definition of highly experienced player;*
- 13 *(3) "Cabinet" means the Public Protection Cabinet;*
- 14 *(4) "Confidential information" means information related to the play of a fantasy*
15 *contest by fantasy contest participants obtained as a result of or by virtue of a*
16 *person's employment;*
- 17 *(5) "Entry fee" means the cash or cash equivalent that is required to be paid by a*
18 *fantasy contest participant to a fantasy contest operator in order to participate in*
19 *a fantasy contest;*
- 20 *(6) "Fantasy contest" means any fantasy or simulated game or contest that meets the*
21 *following conditions:*
- 22 *(a) The values of all prizes and awards offered to winning participants are*
23 *made known to the participants in advance of the contest;*
- 24 *(b) All winning outcomes reflect the relative knowledge and skill of the*
25 *participants and shall be determined predominantly by accumulated*
26 *statistical results of the performance of individuals, including athletes in the*
27 *case of sports events;*

1 (c) No winning outcome is based:

2 1. On randomized or historical events;

3 2. On the score, point spread, or any performance or performances of
4 any single actual team or combination of such teams; or

5 3. Solely on any single performance of an individual athlete or
6 participant in any single actual event; and

7 (d) The game or contest does not violate any provision of federal law;

8 (7) "Fantasy contest operator" or "operator" means a person who offers or
9 administers one (1) or more fantasy contests with an entry fee to the general
10 public, and awards a prize of value;

11 (8) "Fantasy contest participant" or "participant" means a person who participates
12 in a fantasy contest offered by a registrant;

13 (9) "Highly experienced player" means a person who has either:

14 (a) Entered more than one thousand (1,000) fantasy contests offered by a single
15 fantasy contest operator; or

16 (b) Won more than three (3) fantasy contest prizes valued at one thousand
17 dollars (\$1,000) or more from a single fantasy contest operator.

18 Upon making a determination that a player is a highly experienced player, the
19 fantasy contest operator shall continue to classify the player as a highly
20 experienced player indefinitely;

21 (10) "Immediate family" means a person's parents, grandparents, spouse, siblings,
22 children, or grandchildren residing in a home occupied by the person as a
23 primary residence;

24 (11) "Location percentage" means for each fantasy contest, the percentage, rounded
25 to the nearest tenth of a percent (0.1%), of the total entry fees collected from
26 participants located in the Commonwealth divided by the total entry fees collected
27 from all participants in the fantasy contest;

- 1 (12) "Net poker revenue" means the rake plus any entry fees or other fees charged to
2 online poker players as a requirement to play in a game or series of games of
3 online poker;
- 4 (13) "Online poker":
- 5 (a) Means any form of poker, including but not limited to Five Card Draw,
6 Seven Card Stud, and Texas Holdem, at locations removed from other
7 players via the Internet through the use of computers, smartphones, or
8 other types of electronic devices; and
- 9 (b) Does not include video lottery terminals or slot machines using electronic
10 representations of cards in a game of chance in which skill does not play a
11 part;
- 12 (14) "Person" has the same meaning as in KRS 446.010;
- 13 (15) "Principal stockholder" means any person who, individually or together with the
14 person's immediate family members, beneficially owns or controls, directly or
15 indirectly, fifteen percent (15%) or more of the equity ownership of a registrant or
16 who, together with the person's immediate family members, has the power to vote
17 or cause the vote of fifteen percent (15%) or more of a registrant;
- 18 (16) "Rake" means a percentage of the total wagers placed in an online poker game
19 that the online poker provider collects as its fee for providing the platform upon
20 which the online poker game is played;
- 21 (17) "Registered fantasy contest operator" or "registrant" means a fantasy contest
22 operator that has been issued a valid registration by the cabinet;
- 23 (18) "Script" means automating a manual act using a coding language online,
24 whereby a list of multiple commands may be executed without the user's
25 interaction;
- 26 (19) "Secretary" means the secretary of the Public Protection Cabinet; and
- 27 (20) "Wager" means a sum of money or representation of value that is risked on an

1 occurrence for which the outcome is uncertain.

2 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
3 READ AS FOLLOWS:

4 (1) No fantasy contest operator shall offer a fantasy contest to residents of the
5 Commonwealth without a valid registration issued by the cabinet, except that
6 fantasy contest operators with fewer than one hundred (100) participants located
7 in the Commonwealth in a calendar year shall be exempt from this requirement.

8 (2) Any person seeking to be registered as a fantasy contest operator shall submit an
9 application to the cabinet on a form prescribed by the cabinet as promulgated in
10 an administrative regulation, accompanied by payment of the required fee
11 established in subsection (4) of this section.

12 (3) The fantasy contest operator applicant shall provide the following information to
13 the cabinet as a prerequisite for registration:

14 (a) The name of the applicant;

15 (b) The location of the applicant's principal place of business;

16 (c) A disclosure of ownership of the applicant, including all directors, officers,
17 and principal stockholders;

18 (d) A designation of the responsible party who is the agent for the contest
19 operator for all communications with the cabinet;

20 (e) 1. The criminal record of all officers, general partners, and principal
21 stockholders of the applicant.

22 2. An applicant may not be eligible for registration or renewal as a
23 fantasy contest operator if the applicant or any of its officers, general
24 partners, or principal stockholders has been convicted of or has
25 entered a plea of nolo contendere or guilty to a felony; and

26 (f) Any other documentation the cabinet may require.

27 (4) (a) The initial registration fee for a fantasy contest operator shall be five

1 thousand dollars (\$5,000).

2 (b) The annual renewal fee for a fantasy contest operator shall be an amount
 3 equal to the greater of:

4 1. Six percent (6%) of the adjusted gross revenues for the prior calendar
 5 year; or

6 2. Five thousand dollars (\$5,000).

7 (c) The initial registration fee and the annual renewal fee shall be deposited
 8 into the wagering administration fund established in Section 4 of this Act.

9 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
 10 READ AS FOLLOWS:

11 (1) (a) The cabinet shall promulgate administrative regulations for the operation
 12 of fantasy contests to enforce the provisions of this chapter, but the cabinet
 13 shall not promulgate administrative regulations limiting or regulating:

14 1. Rules or the administration of an individual contest or contests;

15 2. The statistical makeup of a contest or contests; or

16 3. The digital platform of an operator.

17 (b) The cabinet shall promulgate the administrative regulations listing the
 18 requirements for registration within thirty (30) days of the effective date of
 19 this Act.

20 (2) The cabinet shall consider all applications for registration and shall issue a valid
 21 registration to an applicant that meets the criteria set forth in Section 2 of this
 22 Act and any administrative regulations promulgated by the cabinet.

23 (3) (a) The cabinet shall have thirty (30) days after receiving an initial application
 24 to issue a registration or deny the application.

25 (b) The cabinet shall prepare and issue a written statement setting forth the
 26 reasons why an application for registration has been denied.

27 (4) All fantasy contest operators who meet the requirements for registration shall be

1 registered by January 15, 2023.

2 (5) The cabinet may revoke, deny, or suspend the registration of a fantasy contest
3 operator if it finds that:

4 (a) Any partner, member, officer, principal stockholder, or director of the
5 operator has been convicted of a felony in this state, a felony in another
6 state which would be a felony if committed in this state, or a felony under
7 the laws of the United States. For purposes of this paragraph, the term
8 "convicted" means having been found guilty, regardless of adjudication of
9 guilt, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty
10 or nolo contendere; or

11 (b) Any fantasy contest operator has:

12 1. Violated any order of the secretary or any of the provisions of this
13 chapter;

14 2. Failed to meet the requirements for registration under this chapter; or

15 3. Used fraud, misrepresentation, or deceit in applying for or attempting
16 to apply for a registration or otherwise in operating or offering to
17 operate a fantasy contest.

18 (6) If it appears to the secretary, based upon credible evidence presented in a written
19 complaint, that a person is operating or offering to operate a fantasy contest
20 without being registered, the secretary may issue an order to cease and desist the
21 activity.

22 (7) The secretary shall set forth in the order:

23 (a) The statutes and administrative regulations alleged to have been violated;

24 (b) The facts alleged to have constituted the violation; and

25 (c) The requirement that all unauthorized practices immediately cease.

26 (8) (a) Within ten (10) days after service of the order to cease and desist, the person
27 may request a hearing on the question of whether acts or practices in

1 violation of this section have occurred. The hearing shall be conducted
 2 pursuant to KRS Chapter 13B.

3 (b) The person may appeal the final order of the cabinet to the Franklin Circuit
 4 Court within thirty (30) days of the hearing.

5 (9) To ensure that the cabinet is not spending more than what is necessary to cover
 6 administrative expenses, on June 30 of each year, the cabinet shall submit to the
 7 Legislative Research Commission and the Interim Joint Committee on Licensing,
 8 Occupations, and Administrative Regulations a written report detailing financial
 9 transactions, including:

10 (a) The number of applications received;

11 (b) The number of applications approved;

12 (c) The number of applications denied;

13 (d) The amount of funds received from initial registration fees;

14 (e) The amount of funds received from annual renewal fees; and

15 (f) The amount of funds expended to enforce this chapter.

16 (10) KRS Chapters 230 and 528 shall not apply to fantasy contests operated in
 17 accordance with this chapter.

18 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
 19 READ AS FOLLOWS:

20 (1) (a) There is hereby established in the State Treasury a restricted account to be
 21 known as the wagering administration fund. The fund shall consist of
 22 moneys received from the moneys collected under Sections 2, 7, 14, and 45
 23 of this Act and state appropriations.

24 (b) 1. Amounts deposited in the fund shall be used for administrative
 25 expenses of the cabinet and shall be disbursed by the Finance and
 26 Administration Cabinet upon the warrant of the Public Protection
 27 Cabinet.

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

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

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

7 (3) Moneys deposited in the fund are hereby appropriated for the purposes set forth
 8 in this section and shall not be appropriated or transferred by the General
 9 Assembly for any other purposes.

10 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
 11 READ AS FOLLOWS:

12 (1) (a) A registrant offering fantasy contests shall annually submit its records to a
 13 certified public accountant to perform an annual independent audit
 14 consistent with the standards of the American Institute of Certified Public
 15 Accountants to ensure compliance with all of the requirements in this
 16 chapter.

17 (b) The registrant shall pay all costs of the audit. The audit shall cover one (1)
 18 fiscal year.

19 (2) (a) Each registrant shall keep daily records of its operations and shall maintain
 20 the records for at least six (6) years.

21 (b) The records shall sufficiently detail all financial transactions to determine
 22 compliance with the requirements of this chapter and shall be available for
 23 audit and inspection by the cabinet during the registrant's regular business
 24 hours.

25 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
 26 READ AS FOLLOWS:

27 (1) A fantasy contest registrant shall implement commercially reasonable procedures

1 for the conduct of fantasy contests requiring an entry fee that are intended to:

2 (a) Prevent the registrant, its employees, and the immediate family of employees
3 from competing in any public fantasy contest with a cash prize offered by
4 any fantasy contest operator;

5 (b) Prevent sharing of confidential information with third parties that could
6 affect fantasy contest play until that information is made publicly available;

7 (c) Verify that each fantasy contest participant in each fantasy contest is
8 eighteen (18) years of age or older;

9 (d) Prevent an individual who is a participant or game official in an actual
10 sporting event or competition from participating in any fantasy contest that
11 is determined in whole or in part on the performance of that individual, the
12 individual's actual team, or the accumulated statistical results of the
13 sporting event or competition in which the individual is a participant or
14 contest official;

15 (e) Allow an individual, upon request, to exclude the individual from entering a
16 fantasy contest and provide reasonable steps to prevent that person from
17 entering the fantasy contests offered by the fantasy contest operator;

18 (f) Disclose the number of entries that a participant may submit to each
19 fantasy contest;

20 (g) Provide reasonable steps to prevent participants from submitting more than
21 the allowable number of entries;

22 (h) 1. In any fantasy contest involving more than one hundred (100) entries,
23 prevent a participant from submitting more than the lesser of:

24 a. Three percent (3%) or more of all entries; or

25 b. One hundred fifty (150) entries.

26 2. Notwithstanding subparagraph 1. of this paragraph, a registrant may
27 establish contests in which there are no restrictions on the number of

- 1 entries if:
- 2 a. The registrant clearly discloses that there are no limits on the
- 3 number of entries by each participant in the contest; and
- 4 b. The entry fee is fifty dollars (\$50) or more per entry;
- 5 (i) Segregate participants' funds from operational funds or maintain a reserve
- 6 in the form of cash, cash equivalents, payment processor reserves, payment
- 7 processor receivables, an irrevocable letter of credit, a bond, an escrow
- 8 account approved by the cabinet, or a combination thereof, in the amount of
- 9 the deposits in participants' accounts for benefit and protection of the funds
- 10 held in those accounts;
- 11 (j) Distinguish highly experienced participants and beginner participants and
- 12 ensure that highly experienced participants are conspicuously identified to
- 13 all participants;
- 14 (k) Prohibit the use of external scripts in fantasy contests that give a participant
- 15 an unfair advantage over other participants and make all authorized scripts
- 16 readily available to all fantasy contest participants;
- 17 (l) Clearly and conspicuously disclose all rules that govern its contests,
- 18 including the material terms of each promotional offer at the time the offer
- 19 is advertised; and
- 20 (m) Use technologically reasonable measures to limit each fantasy contest
- 21 participant to one (1) active account with that operator.
- 22 (2) A registrant shall not conduct, operate, or offer a fantasy contest that:
- 23 (a) Utilizes:
- 24 1. Video or mechanical reels or symbols or any other depictions of slot
- 25 machines, poker, blackjack, craps, or roulette; or
- 26 2. Any device that qualifies as or replicates contest activities that
- 27 constitute gaming; or

1 (b) Includes a university, college, high school, or youth athletic contest or
 2 event.

3 (3) Officers and directors of registrants along with their immediate family are
 4 prohibited from competing in any fantasy contest offered by any fantasy contest
 5 operator in which the operator offers a cash prize.

6 (4) (a) Any person who knowingly violates any provision of this section or Section
 7 2, 3, 4, or 5 of this Act shall:

8 1. For the first offense, be liable for a civil penalty of not less than one
 9 thousand dollars (\$1,000) nor more than five thousand dollars
 10 (\$5,000) for each act or omission that constitutes a violation; or

11 2. For a second or subsequent offense:

12 a. Be liable for a civil penalty of not less than five thousand dollars
 13 (\$5,000) and not more than twenty-five thousand dollars
 14 (\$25,000); or

15 b. Revocation of registration at the discretion of the secretary.

16 (b) A civil penalty assessed under this subsection shall accrue to the
 17 Commonwealth and may be recovered in a civil action brought by the
 18 cabinet.

19 (c) Nothing in this chapter shall deprive an aggrieved participant of any
 20 personal right of redress.

21 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
 22 READ AS FOLLOWS:

23 (1) No person shall offer online poker in the Commonwealth unless that person has
 24 received a license from the cabinet.

25 (2) The cabinet shall promulgate administrative regulations prescribing
 26 requirements for vendors offering online poker gaming to the citizens of the
 27 Commonwealth. The requirements for each game or game provider shall include

1 but not be limited to the following:

2 (a) Geolocation software to ensure that all online poker is conducted within the
3 geographical confines of the state of Kentucky;

4 (b) Age verification to ensure that no person under the age of eighteen (18) is
5 allowed to place wagers through online poker games;

6 (c) Security standards to minimize the risk of cyber theft or hacking;

7 (d) Accounting standards to ensure transparency and accountability of moneys,
8 including:

9 1. Moneys deposited by players into gaming accounts;

10 2. Prize payouts;

11 3. The rake the online poker vendor receives; and

12 4. Any entry or associated fees charged to players; and

13 (e) Conformance with all applicable federal laws.

14 (3) A license to conduct online poker in the Commonwealth shall not be issued by
15 the cabinet until the proposed vendor has demonstrated to the satisfaction of the
16 cabinet that:

17 (a) All the requirements of subsection (2) of this section have been met; and

18 (b) An initial licensing fee of two hundred fifty thousand dollars (\$250,000) has
19 been paid.

20 (4) A license issued under subsection (3) of this section shall be valid for one (1) year
21 and may be renewed annually for a fee of ten thousand dollars (\$10,000).

22 (5) (a) In addition to the licensing fees imposed in subsections (3) and (4) of this
23 section, a gaming fee of six and three-quarters percent (6.75%) of net poker
24 revenue shall be imposed on each online poker vendor.

25 (b) The gaming fee shall be paid monthly by each licensed online poker vendor
26 to the cabinet, and may be made by electronic funds transfer.

27 (6) Any person who has been issued a license under this section shall have the

1 license suspended by the cabinet if a final judgment is issued against the person
2 for the improper use of Internet domain names. The license suspension shall
3 continue until all fines and fees assessed under the judgment are fully paid.

4 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
5 READ AS FOLLOWS:

6 (1) Online poker licensing fees and the gaming fee imposed by Section 7 of this Act
7 shall be deposited in the wagering administration fund established by Section 4 of
8 this Act.

9 (2) The cabinet is authorized to use money in the wagering administration fund for
10 the purposes of paying necessary expenses incurred in establishing and
11 overseeing the online poker system.

12 (3) Moneys in excess of the amount needed for necessary expenses shall be used for
13 the purposes established in subsection (1)(b)2. of Section 4 of this Act.

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

16 (5) All moneys held in the fund shall be invested by the cabinet in accordance with
17 the cabinet's investment practices, and all earnings from the investments shall
18 accrue to the benefit of the fund.

19 ➔SECTION 9. KRS CHAPTER 239A IS ESTABLISHED AND A NEW
20 SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

21 (1) There is established in the State Treasury a revolving account to be known as the
22 Kentucky problem gambling assistance fund.

23 (2) The fund shall be administered by the Kentucky Problem Gambling Assistance
24 Board established in Section 10 of this Act.

25 (3) Notwithstanding KRS 45.229, moneys remaining in the fund at the close of a
26 fiscal year shall not lapse but shall carry forward into the succeeding fiscal year
27 for the purposes established in this section. Interest earned on any moneys in the

1 fund shall accrue to the account.

2 (4) Except for administrative expenses of the board relating to the fund, which shall
 3 be limited to one hundred fifty thousand dollars (\$150,000) per year, all moneys
 4 in the fund are appropriated for, and shall be used exclusively for:

5 (a) Providing support to agencies, groups, organizations, and persons that
 6 provide education, assistance, and counseling to persons and families
 7 experiencing difficulty as a result of addiction to alcohol or drugs or
 8 addictive or compulsive gambling;

9 (b) Promoting public awareness of and providing education about addictions;

10 (c) Establishing and funding programs to certify addiction counselors;

11 (d) Promoting public awareness of assistance programs for addicts; and

12 (e) Paying the costs and expenses associated with the treatment of addictions.

13 (5) Moneys deposited in the fund shall not be appropriated or transferred by the
 14 General Assembly for any other purposes.

15 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 239A IS CREATED
 16 TO READ AS FOLLOWS:

17 (1) The Kentucky Problem Gambling Assistance Board is hereby created as an
 18 independent entity within state government. The purpose of the board shall be to
 19 administer, organize, invest, and distribute funds from the Kentucky problem
 20 gambling assistance fund. The board shall be attached to the Public Protection
 21 Cabinet for administrative purposes.

22 (2) The board shall consist of five (5) members appointed as follows:

23 (a) One (1) at-large member appointed by the Governor from a list of three (3)
 24 nominees submitted by the Speaker of the House;

25 (b) One (1) at-large member appointed by the Governor from a list of three (3)
 26 nominees submitted by the President of the Senate;

27 (c) One (1) at-large member appointed by the Governor;

1 (d) One (1) member from the Kentucky Council on Problem Gambling, Inc.,
 2 appointed by the Governor; and

3 (e) One (1) member appointed by the Governor with an extensive background
 4 in the psychiatric or psychological aspects of problem gambling, selected
 5 from among three (3) nominees recommended by the president of the
 6 University of Kentucky and three (3) nominees recommended by the
 7 president of the University of Louisville.

8 (3) The board shall select from among its membership a chair to serve for a two (2)
 9 year term. The chair may serve for additional terms as determined by the board.
 10 Each board member term shall be for four (4) years, and a board member may
 11 only serve for two (2) consecutive terms. A majority of the board membership
 12 shall constitute a quorum.

13 (4) The board members shall not receive a salary, but shall be reimbursed for any
 14 reasonable expenses relating to board duties.

15 (5) Any vacancy on the board shall be filled for the unexpired term as provided in the
 16 original appointment.

17 (6) The board may hire an executive director to manage its day-to-day operations
 18 and coordinate the work of the board.

19 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 239A IS CREATED
 20 TO READ AS FOLLOWS:

21 (1) The board shall promulgate administrative regulations in accordance with KRS
 22 Chapter 13A to establish criteria for the expenditure of funds from the Kentucky
 23 problem gambling assistance fund established by Section 9 of this Act. The
 24 administrative regulations shall:

25 (a) Establish standards for the types of agencies, groups, organizations, and
 26 persons eligible to receive funding;

27 (b) Establish standards for the types of activities eligible for funding;

- 1 (c) Establish standards for the appropriate documentation of past performance
2 and the activities of agencies, groups, organizations, and persons requesting
3 funding;
- 4 (d) Establish standards for the development of performance measures or other
5 evidence of successful expenditure of awarded funds;
- 6 (e) Set forth procedures for the submission, evaluation, and review of
7 applications for funding;
- 8 (f) Set forth procedures for awarding funds to requesting entities who have
9 demonstrated the capability to efficiently and effectively provide the
10 necessary services;
- 11 (g) Establish requirements and procedures for the monitoring of funds
12 awarded, including requirements for the submission of reports and
13 documentation supporting expenditures; and
- 14 (h) Include any other provisions related to funding or the administration of the
15 fund as determined by the board.
- 16 (2) The board shall invest moneys from the fund in a manner to create a return on
17 investment sufficient to maintain the fund in perpetuity.
- 18 (3) The board shall develop an annual research agenda related to social, economic,
19 psychological, and other impacts of problem gambling and all forms of addiction.
20 The board may direct its own studies and may accept and review outside studies
21 from academic, scientific, and governmental entities. The board may also review
22 laws, policies, and practices of the federal government and other jurisdictions.
- 23 (4) On or before October 1, 2023, and every October 1 thereafter, the board chair
24 shall submit an annual report detailing activities and expenditures associated
25 with the Kentucky problem gambling assistance fund for the preceding fiscal
26 year. The annual report shall be submitted to:
- 27 (a) The Legislative Research Commission; and

1 **(b) The Governor.**

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

4 **(1) The racing commission shall institute a system of sports wagering in**
5 **conformance with federal law, this chapter, Section 45 of this Act, and**
6 **administrative regulations promulgated under the authority of Section 17 of this**
7 **Act.**

8 **(2) Sports wagering shall not be offered in this state except by:**

9 **(a) A track, as defined in Section 16 of this Act, that is licensed under this**
10 **chapter; or**

11 **(b) An online or smartphone application that shall:**

12 **1. Only be available to individuals eighteen (18) years of age or older;**

13 **2. Contain geographical location software to ensure that bets are placed**
14 **only within the boundaries of the Commonwealth; and**

15 **3. Include an option for advance deposit account wagering on sports**
16 **events.**

17 **(3) A licensed track may contract with no more than one (1) interactive sports**
18 **wagering technology and service provider at a time to provide services and**
19 **technology which supports the track's operation of sports betting both on the**
20 **track and over the Internet.**

21 **(4) A track shall not offer sports wagering until the racing commission has issued a**
22 **sports wagering license to the track.**

23 **(5) A track licensed under Section 14 of this Act may offer sports wagering at up to**
24 **two (2) facilities or real properties that are:**

25 **(a) Owned, leased, or purchased by a track within a sixty (60) mile radius of the**
26 **track but not contiguous to the track, upon racing commission approval;**
27 **and**

1 (b) Not within a sixty (60) mile radius of another licensed track or premise
2 where sports wagering is conducted, unless any affected track agrees in
3 writing to permit a noncontiguous facility within the protected geographic
4 area.

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

7 Sporting events that may be wagered upon at the discretion of the racing commission
8 include but are not limited to:

9 (1) Professional sporting events sanctioned by nationally recognized organizations,
10 including but not limited to:

11 (a) The National Football League;

12 (b) The National Basketball Association;

13 (c) Major League Baseball;

14 (d) The Professional Golfers' Association;

15 (e) The National Association for Stock Car Auto Racing;

16 (f) Major League Soccer; and

17 (g) Other nationally or internationally recognized organizations sanctioning
18 events in professional sports such as boxing, mixed martial arts, table
19 tennis, cricket, darts, and soccer;

20 (2) College sporting events sanctioned by the National Collegiate Athletic
21 Association, the National Association of Intercollegiate Athletics, or other
22 collegiate athletic body recognized by the commission;

23 (3) International events such as the Olympics and World Cup Soccer, at the
24 discretion of the racing commission; and

25 (4) After consulting with the league or association sanctioning or authorizing the
26 sporting event, actions within a sporting event that do not represent the end result
27 of the game, but are integral to the play of the game, including but not limited to:

- 1 (a) The result of a putt;
2 (b) The result of an at-bat; or
3 (c) The result of a field goal attempt.

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

- 6 (1) No person shall conduct or offer to conduct sports wagering within the
7 Commonwealth of Kentucky without obtaining a sports wagering license from
8 the racing commission.
9 (2) As a prerequisite to obtaining a sports wagering license, a person shall be
10 licensed as an association under KRS 230.300.
11 (3) In addition to the requirement in subsection (2) of this section, an initial
12 licensing fee of five hundred thousand dollars (\$500,000) shall be paid to the
13 racing commission before a license may be issued.
14 (4) An annual renewal fee of fifty thousand dollars (\$50,000) shall be required for
15 each sports wagering license.
16 (5) Licensing fees paid under this section shall be deposited into the wagering
17 administration fund established by Section 4 of this Act.

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

- 20 (1) A person shall not place a sports wager on a game or event in which he or she is
21 a participant.
22 (2) As used in this section, "participant" includes:
23 (a) Players;
24 (b) Coaches;
25 (c) Referees, umpires, judges, or other officials involved in enforcing the rules
26 of the game;
27 (d) Spouses and close family members of persons included in paragraphs (a) to

- 1 *(c) of this subsection;*
 2 *(e) Owners or shareholders of professional sports teams who might have*
 3 *influence over players and coaches through the ability to hire or fire; and*
 4 *(f) Employees of companies supplying technology or services related to sports*
 5 *wagering to a track.*
 6 *(3) A person is guilty of tampering with the outcome of a sporting event when the*
 7 *person interacts with a player, coach, referee, or other participant with the intent*
 8 *to persuade the participant to act in a way that would:*
 9 *(a) Alter the outcome of the sporting event; or*
 10 *(b) Alter actions within the sporting event upon which people might place*
 11 *sports wagers.*

12 ➔Section 16. KRS 230.210 is amended to read as follows:

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

- 14 (1) "Advance deposit account wagering" means a form of pari-mutuel wagering in
 15 which an individual may establish an account with a person or entity licensed by the
 16 racing commission, and may place a pari-mutuel wager through that account that is
 17 permitted by law;
 18 (2) "Advance deposit account wagering licensee" means a person or entity licensed by
 19 the racing commission to conduct advance deposit account wagering and accept
 20 deposits and wagers, issue a receipt or other confirmation to the account holder
 21 evidencing such deposits and wagers, and transfer credits and debits to and from
 22 accounts;
 23 (3) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in which
 24 each horse participating in the race is registered with the Appaloosa Horse Club of
 25 Moscow, Idaho, and is mounted by a jockey;
 26 (4) "Arabian" means a horse that is registered with the Arabian Horse Registry of
 27 Denver, Colorado;

- 1 (5) "Association" means any person licensed by the Kentucky Horse Racing
2 Commission under KRS 230.300 and engaged in the conduct of a recognized horse
3 race meeting;
- 4 (6) "Harness race" or "harness racing" means trotting and pacing races of the
5 standardbred horses;
- 6 (7) "Horse race meeting" means horse racing run at an association licensed and
7 regulated by the Kentucky Horse Racing Commission, and may include
8 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;
- 9 (8) "Host track" means the track conducting racing and offering its racing for intertrack
10 wagering, or, in the case of interstate wagering, means the Kentucky track
11 conducting racing and offering simulcasts of races conducted in other states or
12 foreign countries;
- 13 (9) "Intertrack wagering" means pari-mutuel wagering on simulcast horse races from a
14 host track by patrons at a receiving track;
- 15 (10) "Interstate wagering" means pari-mutuel wagering on simulcast horse races from a
16 track located in another state or foreign country by patrons at a receiving track or
17 simulcast facility;
- 18 (11) "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund" means a
19 purse fund established to receive funds as specified in KRS 230.3771 for purse
20 programs established in KRS 230.446 to supplement purses for quarter horse, paint
21 horse, Appaloosa, and Arabian horse races. The purse program shall be
22 administered by the Kentucky Horse Racing Commission;
- 23 (12) "Kentucky resident" means:
- 24 (a) An individual domiciled within this state;
- 25 (b) An individual who maintains a place of abode in this state and spends, in the
26 aggregate, more than one hundred eighty-three (183) days of the calendar year
27 in this state; or

- 1 (c) An individual who lists a Kentucky address as his or her principal place of
2 residence when applying for an account to participate in advance deposit
3 account wagering;
- 4 (13) "Licensed premises" means a track or simulcast facility licensed by the racing
5 commission under this chapter;
- 6 (14) "Paint horse" means a horse registered with the American Paint Horse Association
7 of Fort Worth, Texas;
- 8 (15) "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutuel wagering"
9 each means any method of wagering previously or hereafter approved by the racing
10 commission in which one (1) or more patrons wager on a horse race or races,
11 whether live, simulcast, or previously run. Wagers shall be placed in one (1) or
12 more wagering pools, and wagers on different races or sets of races may be pooled
13 together. Patrons may establish odds or payouts, and winning patrons share in
14 amounts wagered including any carryover amounts, plus any amounts provided by
15 an association less any deductions required, as approved by the racing commission
16 and permitted by law. Pools may be paid out incrementally over time as approved
17 by the racing commission;
- 18 (16) "Principal" means any of the following individuals associated with a partnership,
19 trust, association, limited liability company, or corporation that is licensed to
20 conduct a horse race meeting or an applicant for a license to conduct a horse race
21 meeting:
- 22 (a) The chairman and all members of the board of directors of a corporation;
- 23 (b) All partners of a partnership and all participating members of a limited
24 liability company;
- 25 (c) All trustees and trust beneficiaries of an association;
- 26 (d) The president or chief executive officer and all other officers, managers, and
27 employees who have policy-making or fiduciary responsibility within the

1 organization;

2 (e) All stockholders or other individuals who own, hold, or control, either directly
3 or indirectly, five percent (5%) or more of stock or financial interest in the
4 collective organization; and

5 (f) Any other employee, agent, guardian, personal representative, or lender or
6 holder of indebtedness who has the power to exercise a significant influence
7 over the applicant's or licensee's operation;

8 (17) "Quarter horse" means a horse that is registered with the American Quarter Horse
9 Association of Amarillo, Texas;

10 (18) "Racing commission" means the Kentucky Horse Racing Commission;

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

18 (20) "Simulcast facility" means any facility approved pursuant to the provisions of KRS
19 230.380 to simulcast live racing and conduct pari-mutuel wagering on live racing;

20 (21) "Simulcasting" means the telecast of live audio and visual signals of horse races for
21 the purpose of pari-mutuel wagering;

22 **(22) "Sports wagering" means the placing of wagers on the outcomes of professional**
23 **sports contests and other events in conformance with federal law and as**
24 **authorized by the racing commission at tracks and online or by smart phone**
25 **through applications as authorized by Section 12 of this Act and other provisions**
26 **of this chapter;**

27 **(23)**~~(22)~~ "Telephone account wagering" means a form of pari-mutuel wagering where

1 an individual may deposit money in an account at a track and may place a wager by
 2 direct telephone call or by communication through other electronic media owned by
 3 the holder of the account to the track;

4 ~~(24)~~~~(23)~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing
 5 in which each horse participating in the race is a Thoroughbred, (i.e., meeting the
 6 requirements of and registered with The Jockey Club of New York) and is mounted
 7 by a jockey; and

8 ~~(25)~~~~(24)~~ "Track" means any association duly licensed by the Kentucky Horse Racing
 9 Commission to conduct horse racing and shall include:

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

14 (b) Real property of an association, if the association received or receives
 15 approval from the racing commission after 2010 for a location at which live
 16 racing is to be conducted; or

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

18 1. Owned, leased, or purchased by an association within a sixty (60) mile
 19 radius of the association's racetrack but not contiguous to racetrack
 20 premises, upon racing commission approval; and

21 2. Not within a sixty (60) mile radius of another licensed track premise
 22 where live racing is conducted and not within a forty (40) mile radius of
 23 a simulcast facility, unless any affected track or simulcast facility agrees
 24 in writing to permit a noncontiguous facility within the protected
 25 geographic area.

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

27 (1) (a) It is the policy of the Commonwealth of Kentucky, in furtherance of its

1 responsibility to foster and to encourage legitimate occupations and industries
2 in the Commonwealth and to promote and to conserve the public health,
3 safety, and welfare, and it is hereby declared the intent of the Commonwealth
4 to foster and to encourage the horse breeding industry within the
5 Commonwealth and to encourage the improvement of the breeds of horses.

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

11 **(c)** Further, it is hereby declared the policy and intent of the Commonwealth that
12 the conduct of horse racing, or the participation in any way in horse racing, or
13 the entrance to or presence where horse racing is conducted, is a privilege and
14 not a personal right; and that this privilege may be granted or denied by the
15 racing commission or its duly approved representatives acting in its behalf.

16 **(d) Further, it hereby is declared the policy and intent of the Commonwealth**
17 **that citizens shall be allowed to enjoy wagering on sporting events in a**
18 **controlled environment that protects the citizens from cheating and fraud,**
19 **and that such wagering shall be best controlled and overseen by the**
20 **Kentucky Horse Racing Commission, which has demonstrated a long and**
21 **successful history of regulating wagering.**

22 (2) **(a)** It is hereby declared the purpose and intent of this chapter in the interest of the
23 public health, safety, and welfare, to vest in the racing commission forceful
24 control of horse racing in the Commonwealth with plenary power to
25 promulgate administrative regulations prescribing conditions under which all
26 legitimate horse racing and wagering thereon is conducted in the
27 Commonwealth so as to encourage the improvement of the breeds of horses in

1 the Commonwealth, to regulate and maintain horse racing at horse race
 2 meetings in the Commonwealth of the highest quality and free of any corrupt,
 3 incompetent, dishonest, or unprincipled horse racing practices, and to regulate
 4 and maintain horse racing at race meetings in the Commonwealth so as to
 5 dissipate any cloud of association with the undesirable and maintain the
 6 appearance as well as the fact of complete honesty and integrity of horse
 7 racing in the Commonwealth.

8 **(b) In addition, it is hereby declared the purpose and intent of this chapter to**
 9 **vest in the racing commission exclusive jurisdiction over sports wagering in**
 10 **the Commonwealth, with the exception of fantasy contest wagering under**
 11 **KRS Chapter 239, with plenary power to promulgate administrative**
 12 **regulations prescribing conditions under which all legitimate sports**
 13 **wagering is to be conducted.**

14 **(c)** In addition to the general powers and duties vested in the racing commission
 15 by this chapter, it is the intent hereby to vest in the racing commission the
 16 power to eject or exclude from association grounds or any part thereof any
 17 person, licensed or unlicensed, whose conduct or reputation is such that his
 18 presence on association grounds may, in the opinion of the racing
 19 commission, reflect on the honesty and integrity of horse racing or interfere
 20 with the orderly conduct of horse racing.

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

22 (1) The Kentucky Horse Racing Commission is created as an independent agency of
 23 state government to regulate the conduct of horse racing, ~~and~~ pari-mutuel
 24 wagering on horse racing, **sports wagering**, and related activities within the
 25 Commonwealth of Kentucky. The racing commission shall be attached to the Public
 26 Protection Cabinet for administrative purposes.

27 (2) (a) The Kentucky Horse Racing Commission shall consist of fifteen (15)

- 1 members appointed by the Governor, with the secretaries of the Public
2 Protection Cabinet, Tourism, Arts and Heritage Cabinet, and Economic
3 Development Cabinet, or their designees, serving as ex officio nonvoting
4 members.
- 5 (b) Two (2) members shall have no financial interest in the business or industry
6 regulated.
- 7 (c) The members of the racing commission shall be appointed to serve for a term
8 of four (4) years, except the initial terms shall be staggered as follows:
- 9 1. Five (5) members shall serve for a term of four (4) years;
10 2. Five (5) members shall serve for a term of three (3) years; and
11 3. Five (5) members shall serve for a term of two (2) years.
- 12 (d) Any member appointed to fill a vacancy occurring other than by expiration of
13 a term shall be appointed for the remainder of the unexpired term.
- 14 (e) In making appointments, the Governor may consider members broadly
15 representative of the Thoroughbred industry and members broadly
16 representative of the standardbred, quarter horse, Appaloosa, or Arabian
17 industries. The Governor may also consider recommendations from the
18 Kentucky Thoroughbred Owners and Breeders, Inc., the Kentucky Division of
19 the Horsemen's Benevolent and Protective Association, the Kentucky Harness
20 Horsemen's Association, and other interested organizations.
- 21 (3) (a) Members of the racing commission shall receive no compensation for serving
22 on the commission, but shall be reimbursed for travel expenses for attending
23 meetings and performing other official functions consistent with the
24 reimbursement policy for state employees established by KRS 45.101 and
25 administrative regulations promulgated thereunder.
- 26 (b) The Governor shall appoint one (1) member of the racing commission to serve
27 as its chairperson who shall serve at the pleasure of the Governor.

- 1 (c) The Governor shall further designate a second member to serve as vice chair
2 with authority to act in the absence of the chairperson.
- 3 (d) Before entering upon the discharge of their duties, all members of the
4 Kentucky Horse Racing Commission shall take the constitutional oath of
5 office.
- 6 (4) (a) The racing commission shall establish and maintain a general office for the
7 transaction of its business and may in its discretion establish a branch office or
8 offices.
- 9 (b) The racing commission may hold meetings at any of its offices or at any other
10 place when the convenience of the racing commission requires.
- 11 (c) All meetings of the racing commission shall be open and public, and all
12 persons shall be permitted to attend meetings.
- 13 (d) A majority of the voting members of the racing commission shall constitute a
14 quorum for the transaction of its business or exercise of any of its powers.
- 15 (5) Except as otherwise provided, the racing commission shall be responsible for the
16 following:
- 17 (a) Developing and implementing programs designed to ensure the safety and
18 well-being of horses, jockeys, and drivers;
- 19 (b) Developing programs and procedures that will aggressively fulfill its oversight
20 and regulatory role on such matters as medical practices and integrity issues;
- 21 (c) Recommending tax incentives and implementing incentive programs to ensure
22 the strength and growth of the equine industry;
- 23 (d) Designing and implementing programs that strengthen the ties between
24 Kentucky's horse industry and the state's universities, with the goal of
25 significantly increasing the economic impact of the horse industry on
26 Kentucky's economy, improving research for the purpose of promoting the
27 enhanced health and welfare of the horse, and other related industry issues;f

1 and]

2 (e) Developing and supporting programs which ensure that Kentucky remains in
3 the forefront of equine research;

4 **(f) Developing monitoring programs to ensure the highest integrity of athletic**
5 **events and sports wagering; and**

6 **(g) Developing a program to share wagering information with the leagues,**
7 **associations, and other governing bodies sanctioning sports events upon**
8 **which wagers may be accepted. The program shall be designed to assist in**
9 **determining potential problems or questionable wagering activity so the**
10 **leagues, associations, and the racing commission can monitor wagering**
11 **activity effectively.**

12 ➔Section 19. KRS 230.240 is amended to read as follows:

13 (1) **(a)** In addition to the employees referred to in KRS 230.230, the executive
14 director of the racing commission may employ, dismiss, or take other
15 personnel action and determine the reasonable compensation of stewards,
16 supervisors of mutuels, veterinarians, inspectors, accountants, security
17 officers, and other employees deemed by the executive director to be essential
18 at or in connection with any horse race meeting and in the best interest of
19 racing, **or those deemed by the executive director to be integral to the**
20 **conduct of sports wagering.**

21 **(b)** Three (3) Thoroughbred stewards shall be employed at each Thoroughbred
22 race meeting **as follows:**~~[-]~~

23 **1.** Two (2) stewards shall be employed and compensated by the
24 Commonwealth, subject to reimbursement by the racing associations
25 pursuant to subsection (3) of this section; **and**~~[-]~~

26 **2.** One (1) Thoroughbred steward shall be employed and compensated by
27 the racing association hosting the race meeting.

1 (c) Three (3) standardbred judges shall be employed at each standardbred race
2 meeting as follows:~~[-]~~

3 1. Two (2) standardbred judges shall be employed and compensated by the
4 Commonwealth, subject to reimbursement by the racing associations
5 pursuant to subsection (3) of this section; and~~[-]~~

6 2. One (1) standardbred judge shall be employed and compensated by the
7 racing association hosting the race meeting.

8 (d) The security officers shall be peace officers and conservators of the peace on
9 racing commission property and at all race tracks and grounds in the
10 Commonwealth and shall possess all the common law and statutory powers
11 and privileges now available or hereafter made available to sheriffs,
12 constables, and police officers for the purpose of enforcing all laws relating
13 directly or indirectly to the conduct of horse racing and pari-mutuel wagering
14 thereon, the conduct of sports wagering, or the enforcement of laws relating
15 to the protection of persons or property on premises licensed by the racing
16 commission.

17 (e) The racing commission, for the purpose of maintaining integrity and honesty
18 in racing, shall prescribe by administrative regulation the powers and duties of
19 the persons employed under this section and qualifications necessary to
20 competently perform their duties. In addition, the racing commission shall be
21 responsible for seeing that racing officials employed under the provisions of
22 this section have adequate training to perform their duties in a competent
23 manner.

24 (2) (a) The racing commission shall promulgate administrative regulations for
25 effectively preventing the use of improper devices, and restricting or
26 prohibiting the use and administration of drugs or stimulants or other
27 improper acts to horses prior to the horse participating in a race.

- 1 **(b)** The racing commission may acquire, operate, and maintain, or contract for the
2 maintenance and operation of, a testing laboratory and related facilities, for
3 the purpose of saliva, urine, or other tests, and to purchase supplies and
4 equipment for and in connection with the laboratory or testing processes.
- 5 **(c)** The expense of the laboratory or other testing processes, whether furnished by
6 contract or otherwise, together with all supplies and equipment used in
7 connection therewith, shall be paid by the various associations licensed under
8 this chapter in the manner and in proportions as the racing commission shall
9 by administrative regulation provide.
- 10 (3) **(a)** The *expenses of the racing commission and the* compensation of ~~all~~^{the}
11 employees referred to in this section shall be paid by the licensee conducting
12 ~~a~~^{the} horse race meeting *or pari-mutuel wagering on live or historic horse*
13 *racing*~~[in connection with which the employees are utilized or employed].~~
- 14 **(b)** The salary of the executive director to the racing commission shall be prorated
15 among and paid by the various associations licensed under this chapter in the
16 manner as the racing commission shall, by administrative regulation, provide.
- 17 **(c)** Except for the Thoroughbred steward and the standardbred judge authorized
18 in subsection (1) of this section, the employees referred to in this section shall
19 be deemed employees of the racing commission, and are paid by the licensee
20 or association~~[for convenience only]~~.
- 21 (4) Each person, as a condition precedent to the privilege of receiving a license under
22 this chapter to conduct a horse race meeting, shall be deemed to have agreed to pay
23 expenses and compensation as provided in this section and as may be actually and
24 reasonably incurred.

25 ➔Section 20. KRS 230.260 is amended to read as follows:

26 The racing commission, in the interest of breeding or the improvement of breeds of
27 horses, shall have all powers necessary and proper to carry out fully and effectually the

1 provisions of this chapter including but without limitation the following:

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

1 licensed by the racing commission, regardless of whether a totalisator company is
2 located in the Commonwealth or operates from a location or locations outside of the
3 Commonwealth, and the racing commission may impose a license fee on a
4 totalisator company. The racing commission shall, by administrative regulation
5 promulgated in accordance with KRS Chapter 13A, establish conditions and
6 procedures for the licensing of totalisator companies, and a fee schedule for
7 applications for licensure;

8 (4) The racing commission is vested with jurisdiction over any manufacturer,
9 wholesaler, distributor, or vendor of any equine drug, medication, therapeutic
10 substance, or metabolic derivative which is purchased by or delivered to a licensee
11 or other person participating in Kentucky horse racing by means of the Internet,
12 mail delivery, in-person delivery, or other means;

13 (5) The racing commission is vested with jurisdiction over any horse training center or
14 facility in the Commonwealth that records official timed workouts for publication;

15 (6) The racing commission may require an applicant for a license under subsections (2)
16 and (3) of this section to submit to a background check of the applicant, or of any
17 individual or organization associated with the applicant. An applicant shall be
18 required to reimburse the racing commission for the cost of any background check
19 conducted;

20 (7) The racing commission, its representatives and employees, may visit, investigate
21 and have free access to the office, track, facilities, or other places of business of any
22 licensee, or any person owning a horse or performing services regulated by this
23 chapter on a horse registered to participate in a breeders incentive fund under the
24 jurisdiction of the racing commission;

25 (8) The racing commission shall have full authority to prescribe necessary and
26 reasonable administrative regulations and conditions under which horse racing at a
27 horse race meeting shall be conducted in this state and to fix and regulate the

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

1 licensed under this chapter to file with the racing commission at the end of its fiscal
2 year, a balance sheet, showing assets and liabilities, and an earnings statement,
3 together with a list of its stockholders or other persons holding a beneficial interest
4 in the association; and

5 (14) The racing commission shall promulgate administrative regulations establishing
6 safety standards for jockeys, which shall include the use of rib protection
7 equipment. Rib protection equipment shall not be included in a jockey's weight.

8 (15) (a) The racing commission shall promulgate administrative regulations
9 establishing a self-exclusion list for individuals who self-identify as being
10 problem or compulsive gamblers.

11 (b) Each racing association shall make public notice of the self-exclusion list
12 and the method or methods individuals may use to self-identify at the track,
13 online, or by phone.

14 (c) Self-exclusion information collected by each racing association shall be
15 forwarded to the racing commission, and the information from the racing
16 associations shall be compiled into a comprehensive list that shall be
17 provided to all racing associations.

18 (d) In keeping with KRS 61.878(1)(a), information collected under this
19 subsection shall be excluded from the application of KRS 61.870 to 61.884.

20 (16) The racing commission shall promulgate administrative regulations requiring
21 historical horse racing machines at licensed associations to clearly:

22 (a) Display wagering information on all races being offered on the machine as
23 long as the information does not allow easy identification of the place or
24 date of the race, or the names of the horses or jockeys participating in the
25 race; and

26 (b) Designate the method by which a player may make a choice in his or her
27 wager, rather than allowing the machine to choose for the player.

1 ➔Section 21. KRS 230.320 is amended to read as follows:

- 2 (1) Every license granted under this chapter is subject to denial, revocation, or
3 suspension.~~[, and]~~
- 4 **(2)** Every *rac*ing licensee or other person participating in Kentucky horse racing may be
5 assessed an administrative fine and required to forfeit or return a purse, by the
6 racing commission in any case where it has reason to believe that any provision of
7 this chapter, administrative regulation, or condition of the racing commission
8 affecting it has not been complied with or has been broken or violated. The racing
9 commission may deny, revoke, or suspend a license for failure by the licensee or
10 other person participating in Kentucky horse racing to pay an administrative fine
11 imposed upon the licensee by the stewards or the racing commission. The racing
12 commission, in the interest of honesty and integrity of horse racing, may promulgate
13 administrative regulations under which any license may be denied, suspended, or
14 revoked, and under which any licensee or other person participating in Kentucky
15 horse racing may be assessed an administrative fine or required to forfeit or return a
16 purse.
- 17 **(3)**~~[(2)]~~ (a) Following a hearing by the stewards, a person who has been disciplined
18 by a ruling of the stewards may apply to the racing commission for a stay of
19 the ruling, pending action on an appeal by the racing commission.
- 20 (b) An application for a stay shall be received by the executive director or his
21 designee within ten (10) calendar days of the issuance of the stewards' ruling.
- 22 (c) An application for a stay shall be in writing and include the following:
- 23 1. The name, address, telephone number, and signature of the person
24 requesting the stay;
- 25 2. A statement of the justification for the stay; and
- 26 3. The period of time for which the stay is requested.
- 27 (d) On a finding of good cause, the executive director or his designee may grant

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

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

22 (f) A person who is denied or has a previously granted stay rescinded by the
23 racing commission may file an appeal of the final written order of the racing
24 commission in the Circuit Court of the county in which the cause of action
25 arose.

26 (g) The fact that a stay is granted is not a presumption that the ruling by the
27 stewards is invalid.

1 ~~(4)~~~~(3)~~ If any *racing-associated* license is denied, suspended, or revoked, or if any
2 licensee or other person participating in Kentucky horse racing is assessed an
3 administrative fine or required to forfeit or return a purse, after a hearing by the
4 stewards or by the racing commission acting on a complaint or by its own volition,
5 the racing commission shall grant the applicant, licensee, or other person the right
6 to appeal the decision, and upon appeal, an administrative hearing shall be
7 conducted in accordance with KRS Chapter 13B.

8 ~~(5)~~~~(4)~~ The racing commission may at any time order that any case pending before the
9 stewards be immediately transferred to the racing commission for an administrative
10 hearing conducted in accordance with KRS Chapter 13B.

11 ~~(6)~~~~(5)~~ (a) In an administrative appeal to the racing commission by a licensee or
12 other person participating in Kentucky horse racing, the racing commission
13 may determine in its final order that the appeal is frivolous. If the racing
14 commission finds that an appeal is frivolous:

- 15 1. This fact shall be considered an aggravating circumstance and may be
16 considered in assessing any penalty against the licensee; and
- 17 2. The licensee or other person who raised the appeal may be required to
18 reimburse the racing commission for the cost of the investigation of the
19 underlying circumstances of the case and the cost of the adjudication of
20 the appeal. Costs may include but are not limited to fees paid to a
21 hearing officer or court reporter, *attorneys*~~[attorneys]~~ fees, and
22 laboratory expenses.

23 (b) The racing commission shall by administrative regulation prescribe the
24 conditions or factors by which an appeal may be determined to be frivolous.

25 ~~(7)~~~~(6)~~ Any administrative action authorized in this chapter shall be in addition to any
26 criminal penalties provided in this chapter or under other provisions of law.

27 ➔Section 22. KRS 230.360 is amended to read as follows:

1 The provisions of this chapter are intended to be statewide and exclusive in their effect
2 and no city, county, or other political subdivision of state government shall have the
3 power or authority to make or enforce any local laws, ordinances, or regulations on the
4 subject of horse race meetings. Any person licensed under KRS 230.300 shall continue to
5 pay, or be responsible for the payment of, all state taxes presently imposed by law,
6 including but without limitation, license taxes imposed under KRS 137.170 to 137.190~~[,]~~
7 and~~[KRS]~~ 137.990~~[together with admission taxes imposed by KRS 138.480]~~, and the
8 pari-mutuel taxes imposed by KRS 138.510 to 138.550, and all state, as well as local, ad
9 valorem taxes; provided, however, no tax shall be imposed by the state or any subdivision
10 thereof upon, or measured by, that portion of the excise tax imposed upon pari-mutuel
11 betting at running and trotting horse race tracks which is collected and retained by the
12 operators thereof under the provisions of KRS 138.510 to 138.550, both inclusive.

13 ➔Section 23. KRS 230.361 is amended to read as follows:

14 (1) (a) The racing commission shall promulgate administrative regulations governing
15 and regulating mutuel wagering on horse races under what is known as the pari-
16 mutuel system of wagering.

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

21 (c) The pari-mutuel system of wagering shall be operated only by a totalizator or
22 other mechanical equipment approved by the racing commission. The racing
23 commission shall not require any particular make of equipment.

24 (2) **The racing commission shall promulgate administrative regulations governing**
25 **and regulating sports wagering. The wagering shall be conducted only by persons**
26 **licensed under this chapter.**

27 (3) The operation of a pari-mutuel system for betting, **or the conduct of sports**

1 wagering, where authorized by law shall not constitute grounds for the revocation
2 or suspension of any license issued and held under KRS 242.1238 and 243.265.

3 ~~(4)~~~~(3)~~ All reported but unclaimed pari-mutuel or sports wagering winning tickets
4 held in this state by any person or association operating a pari-mutuel, sports
5 wagering, or similar system of betting conducted through a licensed association~~[~~
6 ~~at horse race meetings]~~ shall be presumed abandoned if not claimed by the person
7 entitled to them within one (1) year from the time the ticket became payable.

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

17 ➔Section 24. KRS 230.3615 is amended to read as follows:

18 (1) The commission, including the tax levied in KRS 138.510, deducted from the gross
19 amount wagered on horse racing by the association which operates a race track
20 under the jurisdiction of the Kentucky Horse Racing Commission and conducts the
21 Thoroughbred racing at which betting is conducted through a pari-mutuel or other
22 similar system, in races where the patron is required to select one (1) horse, and the
23 breaks, which breaks shall be made and calculated to the penny~~[dime, shall not be~~
24 ~~more than sixteen percent (16%) at the discretion of those tracks averaging over one~~
25 ~~million two hundred thousand dollars (\$1,200,000) in on-track pari-mutuel handle~~
26 ~~per day of live racing conducted by the association. The commission at those tracks~~
27 ~~averaging one million two hundred thousand dollars (\$1,200,000) or less in on-track~~

1 ~~pari-mutuel handle per day of live racing conducted by the association, at the~~
2 ~~discretion of such track~~], shall not be more than seventeen and one-half percent
3 (17.5%)~~[in races where the patron is required to select one (1) horse, and the~~
4 ~~breaks, which breaks shall be made and calculated to the dime].~~

5 (2) The commission~~[at those tracks averaging over one million two hundred thousand~~
6 ~~dollars (\$1,200,000) in on track pari-mutuel handle per day of live racing conducted~~
7 ~~by the association]~~, including the tax levied in KRS 138.510, deducted from the
8 gross amount wagered by the person, corporation, or association which operates a
9 race track under the jurisdiction of the Kentucky Horse Racing Commission and
10 conducts Thoroughbred racing at which betting is conducted through a pari-mutuel
11 or other similar system shall not exceed~~[nineteen percent (19%) of the gross handle~~
12 ~~in races where the patron is required to select two (2) or more horses, and the~~
13 ~~breaks, which breaks shall be made and calculated to the dime. The commission, at~~
14 ~~those tracks averaging one million two hundred thousand dollars (\$1,200,000) or~~
15 ~~less in on track pari-mutuel handle per day of live racing conducted by the~~
16 ~~association, including the tax levied in KRS 138.510, deducted from the gross~~
17 ~~amount wagered by the association which operates a race track under the~~
18 ~~jurisdiction of the Kentucky Horse Racing Commission and conducts Thoroughbred~~
19 ~~racing at which betting is conducted through a pari-mutuel or other similar system~~
20 ~~shall not exceed]~~ twenty-two percent (22%) of the gross handle in races where the
21 patron is required to select two (2) or more horses, and the breaks, which breaks
22 shall be made and calculated to the penny~~[dime].~~

23 (3) The minimum pari-mutuel wager to be accepted by any licensed association shall
24 be ten cents (\$0.10). The minimum pay-off on a one dollar (\$1) pari-mutuel wager
25 shall be one dollar and ten cents (\$1.10); but, in the event of a minus pool, the
26 minimum pay-off for a one dollar (\$1) pari-mutuel wager shall be one dollar and
27 five cents (\$1.05).

1 (4) Each association conducting Thoroughbred racing~~[and averaging one million two~~
2 ~~hundred thousand dollars (\$1,200,000) or less in on-track pari-mutuel handle per~~
3 ~~day of live racing conducted by the association]~~ shall pay to the racing commission
4 all moneys allocated to the **Thoroughbred** backside improvement fund in an
5 amount equal to one-half of one percent (0.5%) of its on-track pari-mutuel wagers.

6 ➔Section 25. KRS 230.362 is amended to read as follows:

7 Any person holding unclaimed pari-mutuel **or sports wagering** winning tickets presumed
8 abandoned under the provisions of KRS 230.361 shall file annually, on or before
9 September 1 of each year, with the office of the racing commission a list of and the
10 amounts represented by unclaimed pari-mutuel **or sports wagering** tickets held by such
11 person as of July 1, and other information as the racing commission may require for the
12 administration of KRS 230.361 to 230.373. The report shall be made in duplicate; the
13 original shall be retained by the racing commission and the copy shall be mailed to the
14 sheriff of the county where the unclaimed pari-mutuel **or sports wagering** tickets are
15 held. It shall be the duty of the sheriff to post for not less than twenty (20) consecutive
16 days a copy of the report on the courthouse door or the courthouse bulletin board, and to
17 publish the copy in the manner set forth by KRS Chapter 424. The cost of the publication
18 shall be paid by the racing commission. The sheriff shall immediately certify in writing to
19 the racing commission the dates when the list was posted and published. The list shall be
20 posted and published as required on or before October 1 of the year when it is made, and
21 such posting and publishing shall be constructive notice to all holders of pari-mutuel **and**
22 **sports wagering** tickets which have remained unclaimed for a period of one (1) year from
23 the time the ticket became payable.

24 ➔Section 26. KRS 230.363 is amended to read as follows:

25 Any person who has made a report of unclaimed pari-mutuel **or sports wagering** tickets
26 to the racing commission as required by KRS 230.362 shall, between November 1 and
27 November 15 of each year, turn over to the racing commission the sum represented by the

1 unclaimed pari-mutuel *or sports wagering* tickets so reported; but if the person making
2 the report or the owner of the unclaimed pari-mutuel *or sports wagering* ticket certifies to
3 the racing commission by sworn statement that any or all of the statutory conditions
4 necessary to create a presumption of abandonment no longer exists or never did exist, or
5 shall certify existence of any fact or circumstance in which there is substantial evidence to
6 rebut such presumption, then, the person reporting the unclaimed pari-mutuel *or sports*
7 *wagering* tickets or holding the sum represented by the unclaimed pari-mutuel *or sports*
8 *wagering* tickets as reported shall not be required to turn over said sum to the racing
9 commission except upon order of court. If the holder of any unclaimed pari-mutuel *or*
10 *sports wagering* ticket files an action in court claiming the sum which has been reported
11 under the provisions of KRS 230.362, the person reporting or holding the sum
12 represented by said unclaimed pari-mutuel *or sports wagering* ticket shall be under no
13 duty while any such action is pending to turn over said sum to the racing commission, but
14 shall have the duty of notifying the racing commission of the pendency of such action.

15 ➔Section 27. KRS 230.364 is amended to read as follows:

16 Any person holding an unclaimed pari-mutuel *or sports wagering* ticket or any person
17 holding the sum represented by an unclaimed pari-mutuel *or sports wagering* ticket, or
18 any claimant thereto shall have the right to a judicial determination of his rights under
19 KRS 230.361 to 230.373 and nothing therein shall be construed otherwise; and the racing
20 commission may institute an action to recover the sum represented by the unclaimed pari-
21 mutuel *or sports wagering* tickets which are presumed abandoned whether said sum has
22 been reported or not and may include in one (1) petition the sum represented by all the
23 unclaimed pari-mutuel *or sports wagering* tickets as defined herein within the
24 jurisdiction of the court in which the action is brought.

25 ➔Section 28. KRS 230.365 is amended to read as follows:

26 Any person who pays the sum represented by the unclaimed pari-mutuel *or sports*
27 *wagering* tickets to the racing commission under KRS 230.363 is relieved of all liability

1 for the value of said unclaimed pari-mutuel or sports wagering tickets for any claim
2 made in respect of said unclaimed pari-mutuel or sports wagering tickets.

3 →Section 29. KRS 230.366 is amended to read as follows:

4 Any person claiming an interest in any unclaimed pari-mutuel or sports wagering ticket
5 which has been paid or surrendered to the racing commission in accordance with KRS
6 230.361 to 230.373 may file his claim to it at any time after it was paid to the racing
7 commission.

8 →Section 30. KRS 230.369 is amended to read as follows:

9 The racing commission, through its employees, may examine all records of any person
10 where there is reason to believe that there has been or is a failure to report unclaimed
11 pari-mutuel or sports wagering tickets.

12 →Section 31. KRS 230.371 is amended to read as follows:

13 The racing commission may require the production of reports or the surrender of sums
14 represented by unclaimed pari-mutuel or sports wagering tickets as provided in KRS
15 230.361 to 230.373 by civil equity action, including, but not limited to, an action in the
16 nature of a bill of discovery, in which case the defendant shall pay a penalty equal to ten
17 percent (10%) of all amounts that he is ultimately required to surrender. The racing
18 commission shall follow the procedures provided by the Rules of Civil Procedure.

19 →Section 32. KRS 230.372 is amended to read as follows:

20 Any payments made to any persons claiming an interest in an unclaimed pari-mutuel or
21 sports wagering ticket, and any necessary expense including, but not limited to,
22 administrative costs, advertising costs, court costs and attorney's fees, required to be paid
23 by the racing commission in administering or enforcing the provisions of KRS 230.361 to
24 230.373 shall be deducted from sums received by the racing commission prior to payment
25 to the Kentucky Racing Health and Welfare Fund.

26 →Section 33. KRS 230.373 is amended to read as follows:

27 Any holder of unclaimed pari-mutuel or sports wagering tickets affected by KRS

1 230.361 to 230.373 under disability shall have five (5) years after the disability is
2 removed in which to take any action or procedure or make any defense allowed to one sui
3 juris.

4 →Section 34. KRS 230.374 is amended to read as follows:

5 All sums reported and paid to the racing commission under the provisions of KRS
6 230.361 to 230.373, with the exception of funds paid *on sports wagering tickets and*
7 under KRS 230.398, shall be paid by the racing commission to the Kentucky Racing
8 Health and Welfare Fund, Inc., a nonprofit charitable corporation, organized for the
9 benefit, aid, assistance, and relief of Thoroughbred owners, trainers, jockeys, valets,
10 exercise riders, grooms, stable attendants, pari-mutuel clerks, and other Thoroughbred
11 racing personnel employed in connection with racing, and their spouses and children, who
12 can demonstrate their need for financial assistance connected with death, illness, or off-
13 the-job injury and are not otherwise covered by union health and welfare plans, workers'
14 compensation, Social Security, public welfare, or any type of health, medical, death, or
15 accident insurance. These sums shall be paid on or before December 31 in each year,
16 however, no payments shall be made by the racing commission to the Kentucky Racing
17 Health and Welfare Fund, Inc., unless the racing commission and the Auditor of Public
18 Accounts are satisfied that the fund is in all respects being operated for the charitable and
19 benevolent purposes as set forth in this section and that no part of the funds paid to the
20 fund by the racing commission or any net earnings of the fund inure to the benefit of any
21 private individual, director, officer, or member of the fund or any of the persons who
22 turned over sums to the racing commission representing unclaimed pari-mutuel tickets.

23 →Section 35. KRS 230.378 is amended to read as follows:

24 (1) A receiving track may accept wagers only at the track where it is licensed to
25 conduct its race meeting or conduct intertrack wagering. A receiving track may
26 accept wagers through a telephone account wagering system. Wagers at a receiving
27 track, simulcast facility, or on telephone account wagering shall form a common

1 pool with wagers at a host track. This common pool requirement shall not apply to
2 wagers made in connection with interstate simulcasting pursuant to KRS 230.3771;
3 however, common pools shall be encouraged.

4 (2) Except as provided in KRS 230.3771(2), the commission of a receiving track,
5 simulcast facility, or on telephone account wagering shall be the same as the
6 commission of the host track as determined in KRS 230.3615 or 230.750.

7 (3) In the absence of a valid contract with a horsemen's organization, the commission of
8 a receiving track, after deduction of applicable taxes and other applicable
9 deductions, shall be split as follows: twenty-two percent (22%) to the host track,
10 twenty-two percent (22%) to the purse program at the host track, twenty-two
11 percent (22%) to the receiving track and twenty-two percent (22%) to the purse
12 program at the receiving track. Twelve percent (12%) of the commission shall be
13 allocated evenly between the host track and the receiving track to cover the cost of
14 simulcasting, unless otherwise agreed to by contract.

15 (4) The deduction for the backside improvement fund, as provided for in KRS
16 230.3615(4) shall not apply to the commission or pari-mutuel tax of a receiving
17 track or telephone account wagering.

18 (5) A receiving track shall be exempt from ~~the admissions tax levied in KRS 138.480~~
19 ~~and from~~ any license fee imposed by statute or regulation by the racing
20 commission.

21 ➔Section 36. KRS 230.380 is amended to read as follows:

22 (1) Any track licensed by the racing commission to conduct horse racing and desiring to
23 establish a simulcast facility shall apply for and may receive approval from the
24 racing commission for each simulcast facility. Prior to considering an application
25 for approval of a simulcast facility, the racing commission shall notify by regular
26 mail, each state senator, state representative, county judge/executive, and mayor in
27 the jurisdiction in which the proposed simulcast facility is located, at least ten (10)

- 1 days in advance of the racing commission meeting at which the application is to be
2 considered or voted upon. Consideration of an application shall be based on criteria
3 contained in administrative regulations promulgated under KRS 230.300. Approval,
4 if granted, shall be granted for a term of one (1) calendar year.
- 5 (2) A track or tracks may proceed with the establishment of a simulcast facility unless,
6 within sixty (60) days of the date on which the racing commission approved the
7 facility, the governing body of the local government jurisdiction in which the
8 facility is to be located votes, by simple majority of those voting, to disapprove the
9 establishment of the simulcast facility. For the purposes of this section, "governing
10 body" means, in an incorporated area, the board of aldermen, city council or board
11 of commissioners; in a county, the fiscal court; in an urban-county government, the
12 urban-county council, or in a charter county, the legislative body created in
13 accordance with KRS 67.825 to 67.875.
- 14 (3) The racing commission shall not approve the establishment of any simulcast facility
15 within a radius of fifty (50) miles of a licensed track. The racing commission may
16 approve the establishment of one (1) simulcast facility within a radius of greater
17 than fifty (50) miles but less than seventy-five (75) miles of a licensed track, but the
18 facility shall not be approved to operate without the prior written consent of the
19 licensed track within whose seventy-five (75) mile radius the facility is located.
- 20 (4) The racing commission may promulgate administrative regulations as it deems
21 appropriate to protect the integrity of pari-mutuel wagering at any simulcast facility.
- 22 (5) Licensed tracks conducting horse racing may enter into joint agreements to establish
23 or operate one (1) or more simulcast facilities, on terms and conditions as the
24 participating tracks may determine. Any agreements respecting these arrangements
25 shall be filed with the racing commission, and applications for simulcast facilities
26 shall be filed by and licenses may be issued to, these licensed tracks by the racing
27 commission.

- 1 (6) A simulcast facility may be established and operated on property that is owned or
2 leased and which is not used solely for the operation of a simulcast facility;
3 provided however, that a simulcast facility may not be established on the premises
4 of a lottery vendor.
- 5 (7) A simulcast facility shall not be subject to and shall not pay any excise tax imposed
6 pursuant to KRS 138.510 ~~or~~ any license tax imposed under KRS 137.170~~, or any~~
7 ~~admission tax imposed under KRS 138.480~~.
- 8 (8) One percent (1%) of all moneys wagered at a simulcast facility shall be dedicated
9 for local economic development and shall be allocated as follows:
- 10 (a) If a simulcast facility is located in an incorporated area, seventy-five percent
11 (75%) shall be allocated to the governing body of the city in which the facility
12 is located, and twenty-five percent (25%) to the governing body of the county
13 in which the facility is located.
- 14 (b) If a simulcast facility is located in an unincorporated area, all moneys shall be
15 allocated to the governing body of the county or charter county in which the
16 facility is located.
- 17 (9) (a) After the deduction of moneys under subsection (8), simulcast facility shall
18 deduct a commission allowed under KRS 230.3615 with respect to all wagers
19 made at the simulcast facility. The commission, less moneys allocated in
20 subsection (8) of this section, shall be split as follows:
- 21 1. Thirty percent (30%) shall be allocated to the host track;
22 2. Forty-six and one-half percent (46.5%) to the purse program at the host
23 track;
24 3. Thirteen and one-half percent (13.5%) to be retained by the track or
25 tracks owning the simulcast facility for the purpose of application to
26 expenses incurred in connection therewith;
27 4. Six percent (6%) to be allocated to the Kentucky Thoroughbred Owners

1 and Breeders, Inc., to be expended as follows:

2 a. Up to three percent (3%) for capital improvements and promotion
3 of off-track betting; and

4 b. The remainder for marketing and promoting the Kentucky
5 Thoroughbred industry; and

6 5. Four percent (4%) to be allocated to the racing commission to be used
7 for purses at county fairs in Kentucky licensed and approved by the
8 racing commission, and for the standardbred sires stakes program
9 established under KRS 230.770.

10 (b) The commission of a simulcast facility derived from interstate wagering shall
11 be reduced by any amounts required to be paid by contract to the host track or
12 track conducting the live race before it is divided as set forth in this section.
13 No simulcast facility may receive any interstate simulcast except with the
14 approval of the live Kentucky host track.

15 (c) The Kentucky Thoroughbred Owners and Breeders, Inc., shall annually report
16 to the racing commission on all money expended in accordance with
17 subsection (9)(a)4. of this section. The report shall be in the form required,
18 and provide all information required by the racing commission.

19 (10) Subsections (1) and (2) of this section shall also apply to the establishment by a
20 track of a noncontiguous facility in a county in which pari-mutuel racing and
21 wagering is not being conducted. Subsection (8) of this section shall also apply to a
22 noncontiguous race track facility referenced in this subsection, unless there is a
23 written agreement to the contrary between the track establishing the facility and the
24 governing body of the local government jurisdiction in which the facility is to be
25 established.

26 ➔Section 37. KRS 230.400 is amended to read as follows:

27 (1) There is hereby created a trust and revolving fund for the Kentucky Horse Racing

1 Commission, designated as the Kentucky Thoroughbred development fund,
2 consisting of money allocated to the fund under the provisions of KRS 138.510,
3 together with other money contributed to or allocated to the fund from all other
4 sources. Money to the credit of the Kentucky Thoroughbred development fund shall
5 be distributed by the Treasurer for the purposes of this section upon authorization of
6 the Kentucky Horse Racing Commission and upon approval of the secretary of the
7 Finance and Administration Cabinet. Money from the Kentucky Thoroughbred
8 development fund shall be allocated to each licensed association in an amount equal
9 to the amount the association contributed to the fund. Money to the credit of the
10 Kentucky Thoroughbred development fund at the end of each fiscal year shall not
11 lapse, but shall be carried forward in such fund to the succeeding fiscal year.

12 (2) There is hereby established, under the general jurisdiction of the Kentucky Horse
13 Racing Commission, a Kentucky Thoroughbred Development Fund Advisory
14 Committee. The advisory committee shall consist of five (5) members, all of whom
15 shall be residents of Kentucky, to be appointed by the chairman of the Kentucky
16 Horse Racing Commission by July 1 of each year. The committee shall consist of
17 two (2) Thoroughbred breeders recommended by the Kentucky Thoroughbred
18 Owners and Breeders, Inc.; one (1) Thoroughbred owner recommended by the
19 Kentucky division of the Horsemen's Benevolent and Protective Association; one
20 (1) officer or director of a licensed association conducting Thoroughbred racing in
21 Kentucky, recommended by action of all of the licensed associations conducting
22 Thoroughbred racing in Kentucky; and one (1) member of the Kentucky Horse
23 Racing Commission. If any member other than the racing commission member has
24 not been recommended for appointment by July 1 of each year, the chairman of the
25 Kentucky Horse Racing Commission shall make an appointment for the
26 organization or organizations failing to recommend a member of the committee.
27 The members of the advisory committee shall serve without compensation, but shall

1 be entitled to reimbursement for all expenses incurred in the discharge of official
2 business. The advisory committee shall select from its membership annually a
3 chairman and a vice chairman.

4 (3) (a) The Kentucky Thoroughbred Development Fund Committee shall advise and
5 assist the Kentucky Horse Racing Commission in the development of the
6 supplemental purse program provided herein for Kentucky-bred
7 Thoroughbreds, shall make recommendations to the racing commission from
8 time to time with respect to the establishment of guidelines, administrative
9 regulations for the provision of supplemental purses, the amount thereof, the
10 races for which the purses are to be provided and the conditions thereof,
11 manner and method of payment of supplemental purses, registry of
12 Thoroughbred stallions standing within the Commonwealth of Kentucky,
13 registry of Kentucky-bred Thoroughbreds for purposes of this section, nature
14 and type of forms and reports to be employed and required in connection with
15 the establishment, provision for, award and payment of supplemental purses,
16 and with respect to all other matters necessary in connection with the carrying
17 out of the intent and purposes of this section.

18 (b) The Kentucky Horse Racing Commission shall employ qualified personnel as
19 may be required to assist the racing commission and the advisory committee
20 in carrying out the provisions of this section. These persons shall serve at the
21 pleasure of the racing commission and compensation for these personnel shall
22 be fixed by the racing commission. The compensation of these personnel and
23 the necessary expenses incurred by the racing commission or by the
24 committee in carrying out the provisions of this section shall be paid out of the
25 Kentucky Thoroughbred development fund.

26 (4) The Kentucky Horse Racing Commission, with the advice and assistance of the
27 Kentucky Thoroughbred Development Fund Advisory Committee, shall use the

1 Kentucky Thoroughbred development fund to promote, enhance, improve, and
2 encourage the further and continued development of the Thoroughbred breeding
3 industry in Kentucky by providing, out of the Kentucky Thoroughbred development
4 fund, supplemental purses for~~—designated~~ stakes, handicap, allowance,
5 nonclaiming maiden races, and~~—allowance optional~~ claiming races~~—for a claiming~~
6 ~~price of not less than twenty five thousand dollars (\$25,000)~~ contested at licensed
7 Thoroughbred race meetings in Kentucky. The Kentucky Horse Racing
8 Commission shall, by administrative regulation promulgated in accordance with
9 KRS Chapter 13A, establish the requirements, conditions, and procedures for
10 awarding and payment of supplemental purses in~~—designated~~ races by Kentucky-
11 bred Thoroughbred horses. That portion of the supplemental purse provided for
12 any~~—designated~~ race shall be awarded and paid to the owner of the horse only if the
13 horse is a Kentucky-bred Thoroughbred duly registered with the official registrar.
14 Any portion of the supplemental purse which is not awarded and paid over shall be
15 returned to the Kentucky Thoroughbred development fund.

16 (5) (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall
17 mean and include only a Thoroughbred stallion standing the entire breeding
18 season in Kentucky and registered as a Kentucky Thoroughbred stallion with
19 the official registrar of the Kentucky Thoroughbred development fund.

20 (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term
21 "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and
22 include only Thoroughbred horses sired by Kentucky Thoroughbred stallions
23 foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the
24 official registrar of the Kentucky Thoroughbred development fund.

25 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a
26 Kentucky-bred Thoroughbred for purposes of this section if the horse was
27 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud

1 within Kentucky at the time of conception of such Thoroughbred, provided
2 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with
3 the official registrar of the Kentucky Thoroughbred development fund.

4 (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to
5 demand, claim, and receive a portion of a supplemental purse provided by the
6 Kentucky Thoroughbred development fund, the Thoroughbred horse in a
7 ~~designated~~ race for which a supplemental purse has been provided by the
8 Kentucky Thoroughbred development fund must have been duly registered as
9 a Kentucky-bred Thoroughbred with the official registrar of the Kentucky
10 Thoroughbred development fund prior to entry in the race.

11 (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and
12 designated as the sole official registrar of the Kentucky Thoroughbred
13 development fund for the purposes of registering Kentucky Thoroughbred
14 stallions and Kentucky-bred Thoroughbreds in accordance with the terms of
15 this section and any administrative regulations promulgated by the Kentucky
16 Horse Racing Commission. When a Kentucky-bred Thoroughbred is
17 registered with the official registrar, the registrar shall be authorized to stamp
18 the Jockey Club certificate issued for the Thoroughbred with the seal of the
19 registrar, certifying that the Thoroughbred is a duly qualified and registered
20 Kentucky-bred Thoroughbred for purposes of this section. The registrar may
21 establish and charge, with the approval of the racing commission, reasonable
22 registration fees for its services in the registration of Kentucky Thoroughbred
23 stallions and in the registration of Kentucky-bred Thoroughbreds. Registration
24 records of the registrar shall be public records and open to public inspection at
25 all normal business hours and times.

26 (b) Any interested party aggrieved by the failure or refusal of the official registrar
27 to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-

1 bred Thoroughbred shall have the right to file with the racing commission,
2 within thirty (30) days of such failure or refusal of the registrar, a petition
3 seeking registration of the Thoroughbred. The racing commission shall
4 promptly hear the matter de novo and issue its order directing the official
5 registrar to register or not to register as it may be determined by the racing
6 commission.

7 (7) The Kentucky Horse Racing Commission shall promulgate administrative
8 regulations as may be necessary to carry out the provisions and purposes of this
9 section, including the promulgation of administrative regulations and forms as may
10 be appropriate for the proper registration of Kentucky stallions and Kentucky-bred
11 Thoroughbreds with the official registrar, and shall administer the Kentucky-bred
12 Thoroughbred program created hereby in a manner best designed to promote and
13 aid in the further development of the Thoroughbred breeding industry in Kentucky,
14 to upgrade the quality of Thoroughbred racing in Kentucky, and to improve the
15 quality of Thoroughbred horses bred in Kentucky.

16 ➔Section 38. KRS 230.550 is amended to read as follows:

17 (1) There is hereby established an Equine Industry Program at the University of
18 Louisville, under the general control and direction of the university. The purpose of
19 the Equine Industry Program is to provide training and educational opportunities in
20 the horse racing industry relating to, but not limited to, finance, management,
21 marketing, regulation and administration aspects of the horse racing industry, in
22 accordance with the industry needs as determined by the university.

23 (2) There is hereby created a trust and revolving fund for~~the~~ equine industry
24 programs at the University of Louisville, the University of Kentucky, and the
25 Bluegrass Community and Technical College System~~Program~~, consisting of
26 money allocated to the fund together with money as may be contributed to the fund
27 from all other sources. Money to the credit of the~~Equine Industry Program~~ fund at

1 the end of each fiscal year shall not lapse but shall be carried forward to the
2 succeeding fiscal year~~]. Money from the Equine Industry Program fund shall be~~
3 ~~administered by the University of Louisville and shall be allocated for the funding~~
4 ~~of the Equine Industry Program].~~

5 (3) The University of Louisville shall utilize personnel and facilities of the University
6 of Kentucky and the Bluegrass Community and Technical College System when
7 appropriate for assistance in any cooperative undertakings the University of
8 Louisville may wish to enter into with the University of Kentucky or the Bluegrass
9 Community and Technical College System relating to the Equine Industry
10 Program.

11 ➔Section 39. KRS 230.750 is amended to read as follows:

12 The commission, including the tax levied in KRS 138.510, deducted from the gross
13 amount wagered by the person, corporation, or association which operates a harness horse
14 track under the jurisdiction of the racing commission at which betting is conducted
15 through a pari-mutuel or other similar system shall not exceed eighteen percent (18%) of
16 the gross amount handled on straight pari-mutuel wagering pools and twenty-five percent
17 (25%) of the gross amount handled on multiple pari-mutuel wagering pools, plus the
18 breaks, which shall be made and calculated to the penny~~dime~~. Multiple pari-mutuel
19 wagering pools shall include daily double, perfecta, double perfecta, quinella, double
20 quinella, trifecta, and other types of exotic betting. An amount equal to three percent (3%)
21 of the total amount wagered on pari-mutuel racing and included in the commission of a
22 harness host track shall be allocated by the harness host track in the following manner.
23 Two percent (2%) shall be allocated to the host for capital improvements, promotions,
24 including advertising, or purses, as the host track shall elect. Three-quarters of one
25 percent (3/4 of 1%) shall be allocated to overnight purses. One-quarter of one percent (1/4
26 of 1%) shall be allocated to the Kentucky standardbred development fund. This allocation
27 shall be made after deduction from the commission of the pari-mutuel tax but prior to any

1 other deduction, allocation or division of the commission.

2 ➔Section 40. KRS 230.770 is amended to read as follows:

- 3 (1) There is hereby created a trust and revolving fund for the Kentucky Horse Racing
4 Commission, designated as the Kentucky standardbred development fund,
5 consisting of money allocated to the fund under the provisions of KRS 138.510,
6 together with any other money contributed to or allocated to the fund from all other
7 sources. For the purposes of this section, "development fund" or "fund" means the
8 Kentucky standardbred development fund. Money to the credit of the development
9 fund shall be distributed by the Treasurer for the purposes provided in this section,
10 upon authorization of the Kentucky Horse Racing Commission and upon approval
11 of the secretary of the Finance and Administration Cabinet. Money to the credit of
12 the fund at the end of each fiscal year shall not lapse but shall be carried forward in
13 the fund to the succeeding fiscal year.
- 14 (2) The Kentucky Horse Racing Commission shall use the development fund to
15 promote races, and to provide purses for races, for Kentucky-bred standardbred
16 horses.
- 17 (3) The racing commission shall provide for distribution of money to the credit of the
18 development fund to persons, corporations, or associations operating licensed
19 standardbred race tracks within Kentucky on an equitable basis, for the purpose of
20 conducting separate races for Kentucky-bred standardbred horses, both trotting and
21 pacing.
- 22 (4) Money distributed from the development fund to licensed standardbred race tracks
23 within the Commonwealth shall be used exclusively to promote races and provide
24 purses for races conditioned to admit~~only~~ Kentucky-bred standardbred horses.
- 25 (5) The Kentucky Horse Racing Commission shall fix the amount of money to be paid
26 from the development fund to be added to the purse provided for each race by the
27 licensed operator of the track; shall fix the dates and conditions of races to be held

1 by licensed race tracks; and shall promulgate administrative regulations necessary to
2 carry out the provisions of this section.

3 (6) The Kentucky Horse Racing Commission may promulgate administrative
4 regulations necessary to determine the eligibility of horses for entry in races for
5 which a portion of the purse is provided by money of the development fund,
6 including administrative regulations for the eligibility, residency, and registration of
7 mares, stallions, and progeny thereof. Registration of stallions may occur any time
8 during the breeding season, but shall occur no later than December 31 of the year of
9 conception of the eligible horse.

10 (7) The Kentucky Horse Racing Commission shall appoint qualified personnel
11 necessary to supervise registration of, or determination of eligibility of, horses
12 entitled to entry in races, a portion of the purse of which is provided by the
13 development fund, to assist the racing commission in determining the conditions,
14 class, and quality of the fund supported race program to be established hereunder so
15 as to carry out the purposes of this section. These persons shall serve at the pleasure
16 of the racing commission and compensation shall be fixed by the racing
17 commission. The compensation of personnel and necessary expenses shall be paid
18 out of the development fund. The racing commission shall promulgate
19 administrative regulations to carry out the provisions of this section, and shall
20 administer the Kentucky sire stakes program created hereby in a manner best
21 designed to promote and aid in the development of the horse industry in Kentucky;
22 to upgrade the quality of racing in Kentucky; and to improve the quality of horses
23 bred in Kentucky.

24 ➔Section 41. KRS 230.781 is amended to read as follows:

25 Except as otherwise provided in KRS 230.779(7), the operator of a hub shall not be
26 subject to any fee or tax imposed on racetracks or simulcast facilities under KRS
27 137.170~~[, 138.480]~~, 138.510, or Chapter 230 for the hub operator's wagering and

1 simulcast operations established under KRS 230.775 to 230.785.

2 ➔Section 42. KRS 230.783 is amended to read as follows:

- 3 (1) Any wager that is made for an account maintained with the hub operator shall be
4 considered to have been made in the Commonwealth of Kentucky.
- 5 (2) Account holders may communicate instructions concerning account wagers to the
6 hub only by telephonic or other electronic means.
- 7 (3) None of the following wagers shall be processed through a hub:
- 8 (a) A wager on live racing accepted by a track;
- 9 (b) A telephone account wager accepted by a track;
- 10 (c) An intertrack wager accepted by a receiving track or simulcast facility; or
- 11 (d) An interstate wager accepted by a receiving track or simulcast facility.
- 12 (4) Any hub that processes any of the wagers delineated in subsection (3) of this section
13 from a track, receiving track, or simulcast facility shall be subject to revocation of
14 its hub license.
- 15 (5) Except as provided in KRS 230.752, nothing in KRS 230.775 to 230.785 shall
16 exempt racetracks or simulcast facilities from any taxes imposed under KRS
17 137.170~~[, 138.480]~~, 138.510, or Chapter 230.

18 ➔Section 43. KRS 230.990 is amended to read as follows:

- 19 (1) Any person who violates KRS 230.070 or KRS 230.080(3) shall be guilty of a Class
20 D felony.
- 21 (2) Any person who violates KRS 230.090 shall be guilty of a Class A misdemeanor.
- 22 (3) Any person who violates KRS 230.680 shall be guilty of a Class A misdemeanor.
- 23 (4) Any person who refuses to make any report or to turn over sums as required by
24 KRS 230.361 to 230.373 shall be guilty of a Class A misdemeanor.
- 25 (5) Any person failing to appear before the racing commission at the time and place
26 specified in the summons issued pursuant to KRS 230.260(12), or refusing to
27 testify, shall be guilty of a Class B misdemeanor. False swearing on the part of any

1 witness shall be deemed perjury and punished as such.

2 (6) (a) A person is guilty of tampering with or interfering with a horse race when,
3 with the intent to influence the outcome of a horse race, he uses any device,
4 material, or substance not approved by the Kentucky Horse Racing
5 Commission on or in any participant involved in or eligible to compete in a
6 horse race to be viewed by the public.

7 (b) Any person who, while outside the Commonwealth and with intent to
8 influence the outcome of a horse race contested within the Commonwealth,
9 tampers with or interferes with any equine participant involved in or eligible
10 to compete in a horse race in the Commonwealth is guilty of tampering with
11 or interfering with a horse race.

12 (c) Tampering with or interfering with a horse race is a Class C felony.

13 **(7) Any participant who wagers on a sporting event in violation of Section 15 of this**
14 **Act is guilty of a Class A misdemeanor.**

15 **(8) Any person tampering with the outcome of a sporting event in violation of**
16 **Section 15 of this Act is guilty of a Class C felony.**

17 ➔Section 44. KRS 137.190 is amended to read as follows:

18 The license tax imposed by KRS 137.170~~[, the admission tax imposed by KRS 138.480,]~~
19 and the state taxes and contributions imposed by KRS 138.510 to 138.550 and KRS
20 230.380 on pari-mutuel systems of betting shall be in lieu of all other license, excise,
21 special, or franchise taxes to the state or any county, city, or other political subdivision.
22 No county, city, or other political subdivision may levy any license, income, excise,
23 special, or franchise tax on any such person or corporation engaged in the business of
24 conducting a race track at which races are conducted for stakes, purses or prizes, or
25 operating as a receiving track or simulcast facility, or on the operation or maintenance of
26 any pari-mutuel machine or similar device, or on the money or amount of money handled
27 by or through any pari-mutuel machine or similar device or on the sale of any

1 merchandise during the conducting of races thereon by any such person or corporation.

2 ➔SECTION 45. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
3 READ AS FOLLOWS:

4 (1) As used in this section, "adjusted gross revenue" means the total sum of bets
5 collected by a sports wagering licensee, less winnings paid to participants in the
6 contest;

7 (2) A tax is imposed on persons licensed to conduct sports wagering under KRS
8 Chapter 230 at a rate of:

9 (a) Nine and three-quarters percent (9.75%) on the adjusted gross revenue on
10 wagers placed at the licensed track; or

11 (b) Fourteen and one-quarter percent (14.25%) on wagers placed online or via
12 smart phone or other off-site technology approved by the Kentucky Horse
13 Racing Commission;

14 and shall be appropriated to the wagering administration fund established in
15 Section 4 of this Act and appropriated for the purposes established in that section.

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

21 (4) The tax imposed by this section is due and payable to the department monthly
22 and shall be remitted on or before the twentieth day of the next succeeding
23 calendar month.

24 (5) (a) Payment shall be accompanied by a return form which the department shall
25 prescribe.

26 (b) The return form shall report, at a minimum:

27 1. The total handle;

1 2. Prizes paid;

2 3. Adjusted gross revenue; and

3 4. Wagering tax due.

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

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

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

15 ➔Section 46. KRS 138.510 is amended to read as follows:

16 (1) (a) Before August 1, 2022, except as provided in paragraph (e)~~[(d)]~~ of this
 17 subsection and subsection (3) of this section, an excise tax is imposed on all
 18 tracks conducting pari-mutuel wagering on live racing under the jurisdiction
 19 of the commission as follows:

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

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

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

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

9 ~~(d)(e)}~~ Money shall be deducted from the tax paid under paragraphs (a), ~~and~~
10 (b), and (c) of this subsection and deposited as follows:

11 1. *a. Before August 1, 2022,* an amount equal to three-quarters of one
12 percent (0.75%) of all money wagered on live races and historical
13 horse races at the track for Thoroughbred racing shall be deposited
14 in the Thoroughbred development fund established in KRS
15 230.400; and

16 *b. Beginning August 1, 2022, an amount equal to three-fourths of*
17 *one percent (0.75%) of all money wagered on live races and*
18 *historical horse races at the track for Thoroughbred racing shall*
19 *be deposited in the Thoroughbred development fund established*
20 *in KRS 230.400 until forty million dollars (\$40,000,000) has*
21 *been deposited during a fiscal year, at which point the amount*
22 *deposited in the fund shall decrease to four-tenths of one percent*
23 *(0.4%) of all money wagered on live and historical horse races at*
24 *the track for Thoroughbred racing;*

25 2. *a. Before August 1, 2022,* an amount equal to one percent (1%) of all
26 money wagered on live races and historical horse races at the track
27 for harness racing shall be deposited in the Kentucky standardbred

1 development fund established in KRS 230.770, Beginning August
2 1, 2022, an amount equal to one percent (1%) of all money
3 wagered on live races at the track for harness racing shall be
4 deposited in the Kentucky standardbred development fund until a
5 total of twenty million dollars (\$20,000,000) has been deposited
6 during a fiscal year from this subdivision and subdivision b. of
7 this subparagraph, at which point the amount deposited shall
8 decrease to four-tenths of one percent (0.4%) of all money
9 wagered.

10 b. Beginning August 1, 2022, an amount equal to one percent (1%)
11 of all money wagered on historical horse races at the track for
12 harness racing shall be divided equally with at least one-half
13 (1/2) being deposited into the Kentucky standardbred
14 development fund established in KRS 230.770, with exact
15 amounts based upon contracts between the parties that have
16 been filed with the commission until a total of twenty million
17 dollars (\$20,000,000) has been deposited into the Kentucky
18 standardbred development fund during a fiscal year from this
19 subdivision and subdivision a. of this subparagraph, at which
20 point the amount deposited in this subdivision shall decrease to
21 four-tenths of one percent (0.4%) of all money wagered;

- 22 3. An amount equal to one percent (1%) of all money wagered on live
23 races and historical horse races at the track for quarter horse, paint horse,
24 Appaloosa, and Arabian horse racing shall be deposited in the Kentucky
25 quarter horse, paint horse, Appaloosa, and Arabian development fund
26 established by KRS 230.445;
- 27 4. An amount equal to two-tenths of one percent (0.2%) of all money

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wagered on live races and historical horse races at the track shall be paid
to~~deposited in~~ the:

a. Equine industry program trust and revolving fund established by
KRS 230.550 to support the Equine Industry Program at the
University of Louisville, except that the amount deposited from
money wagered on historical horse races in any fiscal year shall
not exceed six hundred fifty thousand dollars (\$650,000);

b. University of Kentucky for equine industry programs at the
university, except that the amount paid from money wagered on
historical horse races in any fiscal year shall not exceed four
hundred thousand dollars (\$400,000);

c. Bluegrass Community and Technical College for the provision
of equine industry programs by the system, except that the
amount provided to the Bluegrass Community and Technical
College from money wagered on historical horse races in any
fiscal year shall not exceed two hundred fifty thousand dollars
(\$250,000);

d. Amounts in a fiscal year in excess of the amounts to be paid in a
fiscal year specified in subdivisions a. to c. of this subparagraph
shall be made to:

i. The Kentucky Thoroughbred breeders incentive fund
established in KRS 230.800, in an amount not to exceed
four hundred thousand dollars (\$400,000); and

ii. The Kentucky standardbred breeders incentive fund
established in KRS 230.802, in an amount not to exceed
one hundred thousand dollars (\$100,000); and

e. Amounts in a fiscal year in excess the amounts to be paid in a

fiscal year in subdivisions a. to d. of this subparagraph shall be paid to the general fund;

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- 3 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
- 4 wagered on live races and historical horse races at the track shall
- 5 be deposited in a trust and revolving fund to be used for the
- 6 construction, expansion, or renovation of facilities or the purchase
- 7 of equipment for equine programs at state universities, except that
- 8 the amount deposited from money wagered on historical horse
- 9 races in any fiscal year shall not exceed three hundred twenty
- 10 thousand dollars (\$320,000).
- 11 b. These funds shall not be used for salaries or for operating funds for
- 12 teaching, research, or administration. Funds allocated under this
- 13 subparagraph shall not replace other funds for capital purposes or
- 14 operation of equine programs at state universities.
- 15 c. The Kentucky Council on Postsecondary Education shall serve as
- 16 the administrative agent and shall establish an advisory committee
- 17 of interested parties, including all universities with established
- 18 equine programs, to evaluate proposals and make
- 19 recommendations for the awarding of funds.
- 20 d. The Kentucky Council on Postsecondary Education may
- 21 promulgate administrative regulations to establish procedures for
- 22 administering the program and criteria for evaluating and awarding
- 23 grants; and
- 24 6. An amount equal to one-tenth of one percent (0.1%) of all money
- 25 wagered on live races and historical horse races shall be distributed to
- 26 the commission to support equine drug testing as provided in KRS
- 27 230.265(3), except that the amount deposited from money wagered on

1 historical horse races in any fiscal year shall not exceed three hundred
2 twenty thousand dollars (\$320,000).

3 ~~(e)~~~~(d)~~ The excise tax imposed by paragraphs~~[paragraph]~~ (a) and (b) of this
4 subsection shall not apply to pari-mutuel wagering on live harness racing at a
5 county fair.

6 ~~[(e) The excise tax imposed by paragraph (a) of this subsection, and the
7 distributions provided for in paragraph (c) of this subsection, shall apply to
8 money wagered on historical horse races beginning September 1, 2011,
9 through March 31, 2014, and historical horse races shall be considered live
10 racing for purposes of determining the daily average live handle. Beginning
11 April 1, 2014, the tax imposed by paragraph (b) of this subsection shall apply
12 to money wagered on historical horse races.]~~

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

- 15 1. All tracks conducting telephone account wagering;
- 16 2. All tracks participating as receiving tracks in intertrack wagering under
17 the jurisdiction of the commission; and
- 18 3. All tracks participating as receiving tracks displaying simulcasts and
19 conducting interstate wagering thereon.

20 (b) 1. Before August 1, 2022, the tax shall be three percent (3%) of all money
21 wagered on races as provided in paragraph (a) of this subsection during
22 the fiscal year.

23 2. Beginning August 1, 2022, the tax shall be one and one-half percent
24 (1.5%) of all money wagered on races as provided in paragraph (a) of
25 this subsection during the fiscal year.

26 (c) A noncontiguous track facility approved by the commission on or after
27 January 1, 1999, shall be exempt from the tax imposed under this subsection,

1 if the facility is established and operated by a licensed track which has a total
2 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
3 or less. The amount of money exempted under this paragraph shall be retained
4 by the noncontiguous track facility, KRS 230.3771 and 230.378
5 notwithstanding.

6 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
7 this subsection as follows:

8 1. An amount equal to two percent (2%) of the amount wagered shall be
9 deposited as follows:

10 a. In the Thoroughbred development fund established in KRS
11 230.400 if the host track is conducting a Thoroughbred race
12 meeting or the interstate wagering is conducted on a Thoroughbred
13 race meeting;

14 b. In the Kentucky standardbred development fund established in
15 KRS 230.770, if the host track is conducting a harness race
16 meeting or the interstate wagering is conducted on a harness race
17 meeting; or

18 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
19 Arabian development fund established by KRS 230.445, if the host
20 track is conducting a quarter horse, paint horse, Appaloosa, or
21 Arabian horse race meeting or the interstate wagering is conducted
22 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
23 meeting;

24 2. An amount equal to one-twentieth of one percent (0.05%) of the amount
25 wagered shall be allocated to the equine industry program trust and
26 revolving fund established by KRS 230.550 to be used to support the
27 Equine Industry Program at the University of Louisville;

1 3. An amount equal to one-tenth of one percent (0.1%) of the amount
2 wagered shall be deposited in a trust and revolving fund to be used for
3 the construction, expansion, or renovation of facilities or the purchase of
4 equipment for equine programs at state universities, as detailed in
5 subsection (1)(~~d~~)(~~e~~)5. of this section; and

6 4. An amount equal to one-tenth of one percent (0.1%) of the amount
7 wagered shall be distributed to the commission to support equine drug
8 testing as provided in KRS 230.265(3).

9 (3) If a host track in this state is the location for the conduct of a two (2) day
10 international horse racing event that distributes in excess of a total of twenty million
11 dollars (\$20,000,000) in purses and awards:

12 (a) The excise tax imposed by subsection (1)(a) **and (b)** of this section shall not
13 apply to money wagered at the track on live races conducted at the track
14 during the two (2) day international horse racing event; and

15 (b) Amounts wagered at the track on live races conducted at the track during the
16 two (2) day international horse racing event shall not be included in
17 calculating the daily average live handle for purposes of subsection (1) of this
18 section.

19 (4) The taxes imposed by this section shall be paid, collected, and administered as
20 provided in KRS 138.530.

21 ➔Section 47. KRS 138.513 is amended to read as follows:

22 (1) **(a)** Beginning August 1, 2014, **but before August 1, 2022,** an excise tax is
23 imposed on all advance deposit account wagering licensees licensed under
24 KRS 230.260 at a rate of one-half of one percent (0.5%) of all amounts
25 wagered through the licensee by Kentucky residents.

26 **(b) Beginning August 1, 2022, an excise tax is imposed on all advance deposit**
27 **account wagering licensees licensed under KRS 230.260 at a rate of one**

1 *and one-half percent (1.5%) of all amounts wagered through the licensee by*
2 *Kentucky residents.*

3 (2) The tax imposed by this section shall be paid, collected, administered, and
4 distributed as provided in KRS 138.530.

5 ➔Section 48. KRS 138.224 is amended to read as follows:

6 It shall be presumed that all untaxed motor fuels are subject to the tax levied under KRS
7 138.220 unless the contrary is established pursuant to KRS 138.210 to *138.448*~~[138.490]~~
8 or administrative regulations promulgated thereunder by the department. The tax shall be
9 paid by the licensed dealer to the department. The burden of proving that any motor fuel
10 is not subject to tax shall be upon the dealer or any person who imports, causes to be
11 imported, receives, uses, sells, stores, or possesses untaxed motor fuel in this state. Any
12 dealer or other person who imports, causes to be imported, receives, uses, sells, stores, or
13 possesses untaxed motor fuels but fails to comply with all statutory and regulatory
14 restrictions applicable to the fuel shall be jointly and severally liable for payment of the
15 tax due on the fuel. A person's liability shall not be extinguished until the tax due has
16 been paid to the department.

17 ➔Section 49. KRS 138.226 is amended to read as follows:

18 (1) The department shall administer the taxes provided under KRS 138.210 to *138.448*
19 *and 138.450 to 138.470*~~[138.490]~~, except KRS 138.463 and 138.4631, and may
20 prescribe, adopt, and enforce administrative regulations relating to the
21 administration and enforcement thereof.

22 (2) The department shall, upon the request of the officials to whom are entrusted the
23 enforcement of the motor fuels tax law of any other state, the United States, the
24 provinces of the Dominion of Canada, forward to such officials any information
25 which it may have relative to the manufacture, receipt, sale, use, transportation,
26 shipment or delivery by any person of motor fuels, provided such other state or
27 states provide for the furnishing of like information to this state.

1 ➔Section 50. KRS 138.270 is amended to read as follows:

2 (1) (a) From the total number of gallons of gasoline and special fuel received by the
3 dealer within this state during the next preceding calendar month, deductions
4 shall be made for the total number of gallons received by the dealer within this
5 state that were sold or otherwise disposed of during the next preceding
6 calendar month as set forth in subsection (2) of KRS 138.240.

7 (b) To cover evaporation, shrinkage, unaccountable losses, collection costs, bad
8 debts, and handling and reporting the tax, each dealer shall be allowed
9 compensation equal to two and one-fourth percent (2.25%) of the net tax due
10 the Commonwealth pursuant to KRS 138.210 to 138.448~~[138.490]~~ before all
11 allowable tax credits, except the credit authorized pursuant to KRS 138.358.
12 No compensation shall be allowed if the completed tax return and payment are
13 not submitted to the department within the time prescribed by KRS 138.210 to
14 138.448~~[138.490]~~.

15 (2) The tax imposed by KRS 138.220(1) and (2) shall be computed on the number of
16 gallons remaining after the deductions set forth in subsection (1) of this section
17 have been made, and shall constitute the amount of tax payable for the next
18 preceding calendar month.

19 (3) Notwithstanding any other provision of this chapter to the contrary, any person who
20 shall remit to the department, by the twenty-fifth day of the next month, an
21 estimated tax due amount equal to not less than ninety-five percent (95%) of his tax
22 liability, as finally determined for the report month, shall not be required to file the
23 monthly reports required by this chapter until the last day of the month following
24 the report month, and shall be permitted to claim as a credit against the tax liability
25 shown due on the report the estimated tax due amount so paid.

26 ➔Section 51. KRS 138.344 is amended to read as follows:

27 (1) Except as otherwise provided in KRS 138.220 to 138.448~~[138.490]~~, any person

1 who shall purchase gasoline or special fuel, on which the tax as imposed by KRS
 2 138.220 has been paid, for the purpose of operating or propelling stationary engines
 3 or tractors for agricultural purposes, or who shall purchase special fuels, on which
 4 the tax as imposed by KRS 138.220 has been paid, for consumption in unlicensed
 5 vehicles or equipment for nonhighway purposes shall be reimbursed for the tax so
 6 paid on the gasoline or special fuel. No refund shall be authorized unless
 7 applications and all necessary information are filed with the department on a
 8 calendar quarter or calendar year basis on forms and in the manner prescribed by it
 9 for refund of the tax paid on the fuel. In lieu of the tax refund procedure, the tax on
 10 special fuels and the tax on gasoline used for the purpose of operating or propelling
 11 stationary engines or tractors for agricultural purposes may be credited by the dealer
 12 to the purchaser as provided in KRS 138.358. The dealer and the purchases shall be
 13 subject to the same rules, conditions, and responsibilities as provided in KRS
 14 138.344 to 138.355. The tax shall be refunded with interest at the tax interest rate as
 15 defined in KRS 131.010(6).

16 (2) The information to be required from the permit holder, by the department, in order
 17 that the refund may be allowed, shall be as follows:

- 18 (a) Name and address of permit holder permit number
- 19 (b) Total number of gallons purchased and total purchase price (Invoices to
 20 be attached to refund application.)
- 21 (c) Total number of gallons used on highways
- 22 (d) Total number of gallons on which refund is claimed (Line b minus line c.)
- 23 (e) Other information as the department may require to reasonably protect the
 24 revenues of the Commonwealth.

25 ➔Section 52. KRS 138.655 is amended to read as follows:

26 As used in KRS 138.660 to 138.7291 and KRS 138.990(13) *and* (14) ~~and (15)~~, unless
 27 the context requires otherwise:

- 1 (1) "Cabinet" means the Transportation Cabinet;
- 2 (2) "Person" includes every natural person, fiduciary, association, state or political
3 subdivision, or corporation. Whenever used in any clause describing and imposing
4 imprisonment the term "person" as applied to an association means and includes the
5 partners or members thereof, and as applied to a corporation the officers thereof;
- 6 (3) "Public highway" means every way or place generally open to the use of the public
7 as a matter of right for the purpose of vehicular travel notwithstanding that it may
8 be temporarily closed or travel thereon restricted for the purpose of construction,
9 maintenance, repair, or reconstruction; also including all city streets, alleys, and any
10 way or place on which a toll is charged for using such way or place;
- 11 (4) "Motor vehicle" means any vehicle, machine, or mechanical contrivance propelled
12 by an internal combustion engine and licensed for operation and operated upon the
13 public highways and any trailer or semitrailer attached to or having its front end
14 supported by such motor vehicle;
- 15 (5) "Motor carrier" means every person who operates or causes to be operated on any
16 highway in this state, any bus engaged in hauling passengers for hire operating
17 under a certificate of convenience and necessity and any commercial truck or
18 commercial tractor-trailer combination having a total of two (2) or more axles and a
19 declared gross weight above twenty-six thousand (26,000) pounds. The number of
20 axles shall include not only those axles on the power unit but if a tractor-trailer
21 combination is involved, also those axles on the trailer or semitrailer:
- 22 (a) "Axle" means any two (2) or more load-carrying wheels mounted in a single
23 transverse vertical plane;
- 24 (b) "Trailers and semitrailers" are those as defined in subsections (1) and (2) of
25 KRS 186.650, except that it does not include those trailers defined in
26 subsections (3) and (4) of KRS 186.650 and those exempted from regulation
27 under KRS 186.675. The term "motor carrier" shall not mean or shall not

- 1 include any person operating or causing to be operated a city bus;
- 2 (c) "Commercial" refers to any activity for business purposes;
- 3 (d) For the purposes of KRS 138.660(3) motor carriers, trailers, and semitrailers
4 shall not mean a farm vehicle as defined in KRS 186.050(4) or under another
5 jurisdiction's law as a farm vehicle;
- 6 (6) "City bus" means any motor vehicle used for the transportation of persons for hire
7 exclusively within the limits of any city or within ten (10) miles of its limits over a
8 regular route and exclusively within the boundaries of this state;
- 9 (7) "Heavy equipment motor carrier" means any person who operates on the public
10 highways of this state as a "motor carrier" as defined in subsection (5) of this
11 section, except that it shall not include motor vehicles used to transport persons for
12 hire;
- 13 (8) "Trip permit" means a permit for the operating during a ten (10) consecutive day
14 period of any motor vehicle of any "heavy equipment motor carrier" not licensed
15 under KRS 138.665;
- 16 (9) "Licensee" means for purposes of KRS 138.660 to 138.7291 any person who has
17 been granted a license as a "motor carrier" or a "heavy equipment motor carrier," or
18 any motor vehicle in which a valid trip permit is carried;
- 19 (10) "Use" means the consumption of gasoline and special fuels in propelling motor
20 vehicles on the public highways;
- 21 (11) "Gasoline" has the same meaning as in KRS 138.210;
- 22 (12) "Special fuels" means and includes all combustible gases and liquids used for the
23 generation of power in an internal combustion engine to propel vehicles of any kind
24 upon the public highways, except that it does not include gasoline;
- 25 (13) "Quarterly" for the purposes of KRS 138.660 to 138.7291 means a calendar quarter;
- 26 (14) "Combined licensed weight" shall mean the greater of:
- 27 (a) The declared combined maximum gross weight of the vehicle and any towed

1 unit for registration purposes for the current registration period; or
2 (b) The highest actual combined gross weight of the vehicle and any towed unit
3 when operated on the public highways of the state during the current
4 registration period.

5 ➔Section 53. KRS 138.675 is amended to read as follows:

- 6 (1) If a licensee at any time files a false quarterly report of the information required or
7 fails or refuses to file the quarterly report or to pay the full amount of the tax or
8 violates any other provisions of KRS 138.655 to 138.725, inclusive, without a
9 showing that such failure was due to reasonable cause, the cabinet may cancel his
10 license.
- 11 (2) Upon voluntary surrender of the license certificate or upon receipt of a written
12 request by a licensee, the cabinet may cancel his license, effective sixty (60) days
13 from the date of the request, but no such license shall be canceled upon surrender or
14 request unless the licensee has, prior to the date of cancellation, paid to this state all
15 taxes, penalties, interest and fines that are due or have accrued, and unless the
16 licensee has surrendered to the cabinet his license certificate.
- 17 (3) If upon investigation the cabinet ascertains that any motor carrier or heavy
18 equipment motor carrier to whom a license has been issued is no longer engaged as
19 such and has not been so engaged for a period of six (6) months, the cabinet may
20 cancel such license by giving the motor carrier or heavy equipment motor carrier
21 sixty (60) days' notice of cancellation mailed to his last known address in which
22 event the license certificate shall be surrendered to the cabinet.
- 23 (4) Whenever a licensee ceases to engage in business within this state, he shall notify
24 the cabinet in writing within fifteen (15) days after discontinuance. All taxes that
25 have accrued under KRS 138.655 to 138.725, inclusive, whether or not then due,
26 shall become due and payable concurrently with such discontinuance. The licensee
27 shall make a report and pay all such taxes and any interest and penalties thereon,

1 and shall surrender to the cabinet his license certificate.

2 (5) If the license of a motor carrier or heavy equipment motor carrier is canceled by the
3 cabinet as provided in this section and if the licensee has paid to this state all of the
4 taxes, interest and penalties due under KRS 138.655 to 138.725 and 138.990(13)
5 and (14)~~and (15)~~, the cabinet shall cancel the bond filed by the licensee.

6 ➔Section 54. KRS 138.990 is amended to read as follows:

7 (1) Any person who violates any provision of KRS 138.140, 138.146, or 138.195 for
8 which a specific penalty is not provided shall be guilty of a violation for the first
9 offense; for each such subsequent offense, he shall be guilty of a Class A
10 misdemeanor. These penalties shall be in addition to the civil penalties provided by
11 KRS 138.165, 138.185, and 138.205.

12 (2) Any person who fails to supply the information required by subsection (8) of KRS
13 138.195 shall be guilty of a violation; for each subsequent offense, he shall be guilty
14 of a Class B misdemeanor. These penalties shall be in addition to any civil penalty
15 provided by KRS 138.165, 138.185, and 138.205.

16 (3) Any person violating subsection (10) of KRS 138.195 or any regulations adopted
17 thereunder shall be guilty of a Class A misdemeanor. This penalty shall be in
18 addition to any civil penalty provided by KRS 138.165, 138.185, and 138.205.

19 (4) Any person who makes a false entry upon any invoices or any record relating to the
20 purchase, possession, transportation, or sale of cigarettes, and presents any such
21 false entry to the department or any of its agents with the intent to avoid any tax
22 imposed by KRS 138.130 to 138.205, shall be guilty of a Class D felony.

23 (5) Any person who shall counterfeit any cigarette tax evidence shall be guilty of a
24 Class D felony.

25 (6) Any person who sells, offers to sell, or uses counterfeit cigarette tax evidence,
26 affixed or unaffixed, with the intention of evading any tax imposed by KRS
27 138.130 to 138.205 shall be guilty of a Class D felony.

- 1 (7) Any person who fails to remit gasoline or special fuel tax money to the state as
2 provided in KRS 138.280 is guilty of embezzlement of state funds. Embezzlement
3 of state funds, for the first offense, shall be a Class A misdemeanor, and for the
4 second offense, shall be a Class D felony.
- 5 (8) Any person who violates any of the provisions of KRS 138.300 shall be guilty of a
6 Class A misdemeanor. This penalty shall be in addition to the penalty provided in
7 subsection (7) of this section.
- 8 (9) Any person who violates KRS 138.310 shall be guilty of a Class A misdemeanor.
9 Each day or part of a day of doing business as a dealer without an uncanceled
10 license shall be a separate offense.
- 11 (10) (a) Any person who willfully and fraudulently gives a false statement as to the
12 total and actual consideration paid for a motor vehicle under KRS 138.450
13 shall be guilty of a Class D felony and shall be fined not less than two
14 thousand dollars (\$2,000) per offense.
- 15 (b) Any person who violates any of the other provisions of KRS 138.460 to
16 138.470 shall be fined not less than twenty-five dollars (\$25) nor more than
17 one thousand dollars (\$1,000) and if the offender is an individual, he shall be
18 guilty of a Class A misdemeanor.
- 19 ~~(11) Any person who violates any of the provisions of KRS 138.480 or 138.490 shall be~~
20 ~~guilty of a Class B misdemeanor.~~
- 21 ~~(12)~~ If any offender under the provisions of subsections (1) to (9)~~, (11)~~ or (15)~~(16)~~ of
22 this section is a corporation, the principal officer or the officer directly responsible
23 for the violation, or both, may be imprisoned as provided in those subsections.
- 24 (12)~~(13)~~ Any person who violates any provision of subsection (1) of KRS 138.354,
25 whether or not his permit has been revoked, shall be guilty of a Class A
26 misdemeanor.
- 27 (13)~~(14)~~ Any person violating any provision of KRS 138.655 to 138.725 is guilty of a

1 Class A misdemeanor.

2 ~~(14)~~~~(15)~~ In addition to the penalties provided in subsection (13) of this section~~KRS~~
 3 ~~138.990(14)~~, the motor vehicle or vehicles of any person violating any provision of
 4 KRS 138.720 shall be subject to seizure by any officer duly authorized to enforce
 5 the provisions of KRS 138.655 to 138.725.

6 ~~(15)~~~~(16)~~ Any person violating KRS 138.175 shall be guilty of a Class D felony.

7 ~~(16)~~~~(17)~~ Any person who intentionally evades payment of the tax imposed by KRS
 8 138.460 or 138.463 shall be liable for the taxes evaded, with applicable interest and
 9 penalties, and in addition shall be guilty of:

10 (a) A Class B misdemeanor if the amount of tax evaded is two hundred fifty
 11 dollars (\$250) or less; and

12 (b) A Class A misdemeanor if the amount of tax evaded is greater than two
 13 hundred fifty dollars (\$250).

14 ➔Section 55. KRS 139.200 is amended to read as follows:

15 A tax is hereby imposed upon all retailers at the rate of six percent (6%) of the gross
 16 receipts derived from:

17 (1) Retail sales of:

18 (a) Tangible personal property, regardless of the method of delivery, made within
 19 this Commonwealth; and

20 (b) Digital property regardless of whether:

- 21 1. The purchaser has the right to permanently use the property;
- 22 2. The purchaser's right to access or retain the property is not permanent; or
- 23 3. The purchaser's right of use is conditioned upon continued payment; and

24 (2) The furnishing of the following:

25 (a) The rental of any room or rooms, lodgings, campsites, or accommodations
 26 furnished by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds,
 27 recreational vehicle parks, or any other place in which rooms, lodgings,

- 1 campsites, or accommodations are regularly furnished to transients for a
2 consideration. The tax shall not apply to rooms, lodgings, campsites, or
3 accommodations supplied for a continuous period of thirty (30) days or more
4 to a person;
- 5 (b) Sewer services;
- 6 (c) The sale of admissions, except:
- 7 1. Admissions to enter the grounds or enclosure of any track licensed
8 under KRS Chapter 230 at which live horse racing or historical horse
9 racing is being conducted under the jurisdiction of the Kentucky
10 Horse Racing Commission~~[racetracks taxed under KRS 138.480];~~
- 11 2. Admissions to historical sites exempt under KRS 139.482;
- 12 3. Admissions taxed under KRS 229.031;
- 13 4. Admissions that are charged by nonprofit educational, charitable, or
14 religious institutions and for which an exemption is provided under KRS
15 139.495; and
- 16 5. Admissions that are charged by nonprofit civic, governmental, or other
17 nonprofit organizations and for which an exemption is provided under
18 KRS 139.498;
- 19 (d) Prepaid calling service and prepaid wireless calling service;
- 20 (e) Intrastate, interstate, and international communications services as defined in
21 KRS 139.195, except the furnishing of pay telephone service as defined in
22 KRS 139.195;
- 23 (f) Distribution, transmission, or transportation services for natural gas that is for
24 storage, use, or other consumption in this state, excluding those services
25 furnished:
- 26 1. For natural gas that is classified as residential use as provided in KRS
27 139.470(7); or

- 1 2. To a seller or reseller of natural gas;
- 2 (g) Landscaping services, including but not limited to:
 - 3 1. Lawn care and maintenance services;
 - 4 2. Tree trimming, pruning, or removal services;
 - 5 3. Landscape design and installation services;
 - 6 4. Landscape care and maintenance services; and
 - 7 5. Snow plowing or removal services;
- 8 (h) Janitorial services, including but not limited to residential and commercial
- 9 cleaning services, and carpet, upholstery, and window cleaning services;
- 10 (i) Small animal veterinary services, excluding veterinary services for equine,
- 11 cattle, poultry, swine, sheep, goats, llamas, alpacas, ratite birds, buffalo, and
- 12 cervids;
- 13 (j) Pet care services, including but not limited to grooming and boarding services,
- 14 pet sitting services, and pet obedience training services;
- 15 (k) Industrial laundry services, including but not limited to industrial uniform
- 16 supply services, protective apparel supply services, and industrial mat and rug
- 17 supply services;
- 18 (l) Non-coin-operated laundry and dry cleaning services;
- 19 (m) Linen supply services, including but not limited to table and bed linen supply
- 20 services and nonindustrial uniform supply services;
- 21 (n) Indoor skin tanning services, including but not limited to tanning booth or
- 22 tanning bed services and spray tanning services;
- 23 (o) Non-medical diet and weight reducing services;
- 24 (p) Limousine services, if a driver is provided; and
- 25 (q) Extended warranty services.

26 ➔Section 56. KRS 243.500 is amended to read as follows:

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

- 1 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
2 any illegal alcoholic beverages on the licensed premises.
- 3 (2) Making any false, material statements in an application or renewal application for a
4 license or supplemental license.
- 5 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 6 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,
7 or any act regulating the manufacture, sale, and transportation of alcoholic
8 beverages within two (2) consecutive years;
- 9 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
10 alcoholic beverages within two (2) consecutive years; or
- 11 (c) Any felony.
- 12 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any
13 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
14 Congress relative to taxation, or for a violation of any related administrative
15 regulations promulgated by the Department of Revenue.
- 16 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
17 and 243.610, or granted under any Act of Congress relative to the regulation of the
18 manufacture, sale, and transportation of alcoholic beverages.
- 19 (6) Setting up, conducting, operating, or keeping, on the licensed premises, any
20 gambling game, device, machine, contrivance, lottery, gift enterprise, handbook, or
21 facility for betting or transmitting bets on horse races; or permitting to be set up,
22 conducted, operated, kept, or engaged in, on the licensed premises, any gambling
23 game, device, machine, contrivance, lottery, gift enterprise, handbook, or facility.
- 24 This subsection shall not apply to:
- 25 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 26 (b) The operation of a pari-mutuel system for betting, **or the operation of sports**
27 **wagering**, where authorized by law;

- 1 (c) The conduct of charitable gaming by a charitable organization licensed or
 2 permitted under KRS Chapter 238;~~[-or]~~
- 3 (d) Special temporary raffles of alcoholic beverages under KRS 243.036; or
- 4 (e) *The conduct of fantasy contests or online poker licensed under KRS*
 5 *Chapter 239.*
- 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 57. KRS 525.090 is amended to read as follows:
- 15 (1) A person is guilty of loitering when he or she:
- 16 (a) Loiters or remains in a public place for the purpose of gambling with cards,
 17 dice, or other gambling paraphernalia, except that the provisions of this
 18 section shall not apply if the person is participating in charitable gaming
 19 defined by KRS 238.505, or is engaged in sports wagering licensed under
 20 *KRS Chapter 230 or fantasy contests or online poker authorized under KRS*
 21 *Chapter 239*; or
- 22 (b) Loiters or remains in a public place for the purpose of unlawfully using a
 23 controlled substance; or
- 24 (c) Loiters or remains in or about a school, college or university building or
 25 grounds, not having any reason or relationship involving custody of or
 26 responsibility for a pupil or student or any other specific legitimate reason for
 27 being there and not having written permission from anyone authorized to grant

1 the same; or

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

5 (2) Loitering is a violation.

6 ➔SECTION 58. A NEW SECTION OF KRS CHAPTER 528 IS CREATED TO
7 READ AS FOLLOWS:

8 **The Kentucky State Police shall establish a task force dedicated to the removal of any**
9 **gambling device not authorized by law. The Justice and Public Safety Cabinet shall**
10 **promulgate administrative regulations that govern membership, procedures, privileges,**
11 **and duties of the task force.**

12 ➔Section 59. KRS 528.010 is amended to read as follows:

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

14 (1) (a) "Advancing gambling activity" **means**~~—A person "advances gambling~~
15 ~~activity" when, acting other than as a player, he engages in]~~ conduct **a person**
16 **engages in other than as a player** that materially aids any form of gambling
17 activity **not authorized under KRS Chapter 230 or 239.**

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

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

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

6 (2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets
 7 upon the outcome of future contingent events from members of the public as a
 8 business **not authorized under KRS Chapter 230 or 239;**

9 (3) "Charitable gaming" means games of chance conducted by charitable organizations
 10 licensed and regulated under the provisions of KRS Chapter 238;

11 (4) (a) "Gambling" means staking or risking something of value upon the outcome of
 12 a contest, game, gaming scheme, or gaming device which is based upon an
 13 element of chance, in accord with an agreement or understanding that
 14 someone will receive something of value in the event of a certain outcome. A
 15 contest or game in which eligibility to participate is determined by chance and
 16 the ultimate winner is determined by skill shall not be considered to be
 17 gambling.

18 (b) Gambling shall not **include:**~~mean~~

19 **1. Any contest, gaming, or wager licensed, authorized, permitted, or**
 20 **regulated by:**

21 **a. The Kentucky Lottery Corporation under KRS Chapter 154A;**

22 **b. The Kentucky Horse Racing Commission under KRS Chapter**
 23 **230;**

24 **c. The Department of Charitable Gaming under KRS Chapter 238;**

25 **d. The Public Protection Cabinet under KRS Chapter 239; or**

26 **e. Any amendment to the Kentucky Constitution or action of the**
 27 **General Assembly after January 1, 2022; or**

1 **2. The use or operation of any devices and machines that are excluded**
2 **from subsection (5) of this section**~~[Charitable gaming which is licensed~~
3 ~~and regulated under the provisions of KRS Chapter 238];~~

- 4 (5) "Gambling device" means:
- 5 (a) Any so-called slot machine or any other machine or mechanical device an
6 essential part of which is a drum or reel with insignia thereon, and which
7 when operated may deliver, as a result of the application of an element of
8 chance, any money or property, or by the operation of which a person may
9 become entitled to receive, as the result of the application of an element of
10 chance, any money or property;
- 11 (b) Any mechanical or electronic device permanently located in a business
12 establishment, including a private club, that is offered or made available to a
13 person to play or participate in a simulated gambling program in return for
14 direct or indirect consideration, including but not limited to consideration paid
15 for Internet access or computer time, or a sweepstakes entry, which when
16 operated may deliver as a result of the application of an element of chance,
17 any money or property, or by the operation of which a person may become
18 entitled to receive, as the result of the application of an element of chance, any
19 money or property; or
- 20 (c) Any other machine or any mechanical or other device, including but not
21 limited to roulette wheels, gambling tables, and similar devices, designed and
22 manufactured primarily for use in connection with gambling and which when
23 operated may deliver, as the result of the application of an element of chance,
24 any money or property, or by the operation of which a person may become
25 entitled to receive, as the result of the application of an element of chance, any
26 money or property;
- 27 (d) ~~[But,]~~The following shall not be considered gambling devices within this

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definition:

- 1. Devices dispensing or selling combination or French pools on licensed, regular racetracks during races on said tracks;
- 2. Devices dispensing or selling combination or French pools on historical races at licensed, regular racetracks as lawfully authorized by the Kentucky Horse Racing Commission;
- 3. Electro-mechanical pinball machines specially designed, constructed, set up, and kept to be played for amusement only. Any pinball machine shall be made to receive and react only to the deposit of coins during the course of a game. The ultimate and only award given directly or indirectly to any player for the attainment of a winning score or combination on any pinball machine shall be the right to play one (1) or more additional games immediately on the same device at no further cost. The maximum number of free games that can be won, registered, or accumulated at one (1) time in operation of any pinball machine shall not exceed thirty (30) free games. Any pinball machine shall be made to discharge accumulated free games only by reactivating the playing mechanism once for each game released. Any pinball machine shall be made and kept with no meter or system to preserve a record of free games played, awarded, or discharged. Nonetheless, a pinball machine shall be a gambling device if a person gives or promises to give money, tokens, merchandise, premiums, or property of any kind for scores, combinations, or free games obtained in playing the pinball machine in which the person has an interest as owner, operator, keeper, or otherwise;~~[-or]~~
- 4. Devices used in the conduct of charitable gaming; or
- 5. Any device used and authorized under KRS Chapters 154A, 230, 238,

1

or 239;

2 (6) "Lottery and gift enterprise" means:

3 (a) A gambling scheme in which:

4 1. The players pay or agree to pay something of value for chances,
5 represented and differentiated by numbers or by combinations of
6 numbers or by some other media, one (1) or more of which are to be
7 designated the winning ones; and8 2. The ultimate winner is to be determined by a drawing or by some other
9 method based upon the element of chance; and10 3. The holders of the winning chances are to receive something of value;
11 and12 (b) A gift enterprise or referral sales plan which meets the elements of a lottery
13 listed in paragraph (a) of this subsection is to be considered a lottery under
14 this chapter;15 (7) "Mutuel" or "the numbers games" means a form of lottery in which the winning
16 chances or plays are not determined upon the basis of a drawing or other act on the
17 part of persons conducting or connected with the scheme, but upon the basis of the
18 outcome or outcomes of a future contingent event or events otherwise unrelated to
19 the particular scheme;20 (8) "Player" means a person who engages in any form of gambling solely as a
21 contestant or bettor, without receiving or becoming entitled to receive any profit
22 therefrom other than personal gambling winnings, and without otherwise rendering
23 any material assistance to the establishment, conduct, or operation of the particular
24 gambling activity. A person who engages in "bookmaking" as defined in subsection
25 (2) of this section is not a "player." The status of a "player" shall be a defense to any
26 prosecution under this chapter;27 (9) "Profiting from gambling activity" means ~~— A person "profits from gambling~~

1 activity"] when, other than as a player, the person^[he] accepts or receives or agrees
 2 to accept or receive money or other property pursuant to an agreement or
 3 understanding with any other person whereby the person^[he] participates or is to
 4 participate in the proceeds of gambling activity not authorized by KRS Chapter
 5 230 or 239;

6 (10) "Simulated gambling program" means any method not authorized under KRS
 7 Chapter 230 or 239, which is intended to be used by a person playing, participating,
 8 or interacting with an electronic device that may, through the application of an
 9 element of chance, either deliver money or property or an entitlement to receive
 10 money or property; and

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

16 ➔Section 60. KRS 528.020 is amended to read as follows:

17 (1) A person is guilty of promoting gambling in the first degree when the person^[he]
 18 knowingly advances or profits from unlawful gambling activity not authorized by
 19 KRS Chapter 230 or 239 by:

20 (a) Engaging in bookmaking to the extent that the person^[he] employs or utilizes
 21 three or more persons in a bookmaking activity and receives or accepts in any
 22 one day bets totaling more than \$500; or

23 (b) Receiving in connection with a lottery or mutuel scheme or enterprise:

24 1. Money or written records from a person other than a player whose
 25 chances or plays are represented by such money or records; or

26 2. More than \$500 in any one day of money played in the scheme or
 27 enterprise; or

1 (c) Setting up and operating a gambling device.

2 (2) Promoting gambling in the first degree is a Class D felony.

3 ➔Section 61. KRS 528.070 is amended to read as follows:

4 (1) A person is guilty of permitting gambling when, having possession or control of
5 premises which he or she knows are being used to advance gambling activity not
6 authorized under KRS Chapter 230 or 239, the person~~he~~ fails to halt or abate or
7 attempt to halt or abate such use within a reasonable period of time.

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

9 ➔Section 62. KRS 528.080 is amended to read as follows:

10 (1) A person is guilty of possession of a gambling device when, with knowledge of the
11 character thereof, he or she manufactures, sells, transports, places or possesses a
12 gambling device or conducts or negotiates any transaction affecting or designed to
13 affect ownership, custody or use of any gambling device not authorized under KRS
14 Chapter 230 or 239, believing that it is to be used in the advancement of unlawful
15 gambling activity.

16 (2) Possession of a gambling device is a Class A misdemeanor.

17 ➔Section 63. The following KRS sections are repealed:

18 138.480 State tax on race track admissions.

19 138.490 Report and payment of tax -- Civil penalty.

20 230.555 Equine Industry Advisory Commission.

21 ➔Section 64. If any provision of this Act or the application thereof to any person
22 or circumstance is held invalid, the invalidity shall not affect other provisions or
23 applications of the Act that can be given effect without the invalid provision or
24 application, and to this end the provisions of this Act are severable.

25 ➔Section 65. The initial terms of the Kentucky Problem Gambling Assistance
26 Board shall be as follows: The members appointed by the Governor upon nomination by
27 the Speaker of the House and the President of the Senate shall serve four-year terms, the

1 member appointed by the Governor with an extensive background in the psychiatric or
2 psychological aspects of problem gambling and the member from the Kentucky Council
3 on Problem Gambling appointed by the Governor shall serve three-year terms, and the at-
4 large member appointed by the Governor shall serve a two-year term. All subsequent
5 board terms shall be for four years.

6 ➔Section 66. There is hereby appropriated general fund moneys in the amount of
7 \$225,000,000 in fiscal year 2022-2023 to the Kentucky problem gambling assistance fund
8 for the purposes set forth in Section 9 of this Act.

9 ➔Section 67. Whereas, addictive or compulsive gambling is a growing problem
10 in the Commonwealth, and assistance to those experiencing this problem is vitally
11 important, an emergency is declared to exist, and this Act takes effect upon its passage
12 and approval by the Governor or upon its otherwise becoming a law.