

1 AN ACT relating to responsible gaming.

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

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

- 4 (1) (a) Before August 1, 2022, except as provided in paragraph (e) of this subsection
5 and subsection (3) of this section, an excise tax is imposed on all tracks
6 conducting pari-mutuel wagering on live racing under the jurisdiction of the
7 commission as follows:
- 8 1. For each track with a daily average live handle of one million two
9 hundred thousand dollars (\$1,200,000) or above, the tax shall be in the
10 amount of three and one-half percent (3.5%) of all money wagered on
11 live races at the track during the fiscal year; and
 - 12 2. For each track with a daily average live handle under one million two
13 hundred thousand dollars (\$1,200,000), the tax shall be one and one-half
14 percent (1.5%) of all money wagered on live races at the track during
15 the fiscal year.
- 16 (b) Beginning August 1, 2022, the excise tax imposed on all tracks conducting
17 pari-mutuel wagering on live racing under jurisdiction of the commission
18 shall be one and one-half percent (1.5%) of all money wagered on live races
19 at the track during the fiscal year.
- 20 (c) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting
21 pari-mutuel wagering on historical horse races under the jurisdiction of the
22 commission at a rate of one and one-half percent (1.5%) of all money wagered
23 on historical horse races at the track during the fiscal year.
- 24 (d) Money shall be deducted from the tax paid under paragraphs (a), (b), and (c)
25 of this subsection and deposited as follows:
- 26 1. a. Before August 1, 2022, an amount equal to three-quarters of one
27 percent (0.75%) of all money wagered on live races and historical

- 1 horse races at the track for Thoroughbred racing shall be deposited
2 in the Thoroughbred development fund established in KRS
3 230.400; and
- 4 b. Beginning August 1, 2022, an amount equal to three-quarters of
5 one percent (0.75%) of all money wagered on live races and
6 historical horse races at the track for Thoroughbred racing shall be
7 deposited in the Thoroughbred development fund established in
8 KRS 230.400 until forty-five million dollars (\$45,000,000) has
9 been deposited during a fiscal year, at which point the amount
10 deposited in the fund shall decrease to four-tenths of one percent
11 (0.4%) of all money wagered on live and historical horse races at
12 the track for Thoroughbred racing for the remainder of the fiscal
13 year;
- 14 2. a. Before August 1, 2022, an amount equal to one percent (1%) of all
15 money wagered on live races and historical horse races at the track
16 for harness racing shall be deposited in the Kentucky standardbred
17 development fund established in KRS 230.770. Beginning August
18 1, 2022, an amount equal to one percent (1%) of all money
19 wagered on live races at the track for harness racing shall be
20 deposited in the Kentucky standardbred development fund until a
21 total of twenty million dollars (\$20,000,000) has been deposited
22 during a fiscal year from this subparagraph, at which point the
23 amount deposited shall decrease to four-tenths of one percent
24 (0.4%) of all money wagered for the remainder of the fiscal year;
25 and
- 26 b. Beginning August 1, 2022, an amount equal to one percent (1%)
27 of all money wagered on historical horse races at the track for

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

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

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

22 a. To the equine industry program trust and revolving fund
23 established by KRS 230.550 to support the Equine Industry
24 Program at the University of Louisville, except that the amount
25 deposited from money wagered on historical horse races in any
26 fiscal year shall not exceed eight hundred fifty thousand dollars
27 (\$850,000);

- 1 b. To the University of Kentucky for equine industry programs at the
2 university, except that the amount paid from money wagered on
3 historical horse races in any fiscal year shall not exceed four
4 hundred thousand dollars (\$400,000);
- 5 c. To the Bluegrass Community and Technical College for the
6 provision of equine industry programs by the system, except that
7 the amount paid from money wagered on historical horse races in
8 any fiscal year shall not exceed two hundred fifty thousand dollars
9 (\$250,000);
- 10 d. Amounts remaining from money wagered on historical horse races
11 in a fiscal year after payments are made in accordance with
12 subdivisions a., b., and c. of this subparagraph shall be distributed
13 in equal amounts to:
- 14 i. The Kentucky Thoroughbred breeders incentive fund
15 established in KRS 230.800, in an amount not to exceed four
16 hundred thousand dollars (\$400,000); and
- 17 ii. The Kentucky standardbred breeders incentive fund
18 established in KRS 230.802, in an amount not to exceed one
19 hundred thousand dollars (\$100,000); and
- 20 e. Any amounts remaining from money wagered on historical horse
21 races in a fiscal year after payments are made in accordance with
22 subdivisions a., b., c., and d. of this subparagraph shall be paid to
23 the general fund;
- 24 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
25 wagered on live races and historical horse races at the track shall
26 be deposited in a trust and revolving fund to be used for the
27 construction, expansion, or renovation of facilities or the purchase

1 of equipment for equine programs at state universities, except that
2 the amount deposited from money wagered on historical horse
3 races in any fiscal year shall not exceed three hundred twenty
4 thousand dollars (\$320,000).

5 b. These funds shall not be used for salaries or for operating funds
6 for teaching, research, or administration. Funds allocated under
7 this subparagraph shall not replace other funds for capital purposes
8 or operation of equine programs at state universities.

9 c. The Kentucky Council on Postsecondary Education shall serve as
10 the administrative agent and shall establish an advisory committee
11 of interested parties, including all universities with established
12 equine programs, to evaluate proposals and make
13 recommendations for the awarding of funds.

14 d. The Kentucky Council on Postsecondary Education may
15 promulgate administrative regulations to establish procedures for
16 administering the program and criteria for evaluating and awarding
17 grants;~~and~~

18 6. An amount equal to one-tenth of one percent (0.1%) of all money
19 wagered on live races and historical horse races shall be distributed to
20 the commission to support equine drug testing as provided in KRS
21 230.265(3), except that the amount deposited from money wagered on
22 historical horse races in any fiscal year shall not exceed three hundred
23 twenty thousand dollars (\$320,000); and

24 7. 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 Kentucky problem gambling assistance fund established in Section
27 2 of this Act, in an amount not to exceed five hundred thousand

1 dollars (\$500,000).

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

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

6 1. All tracks conducting telephone account wagering;

7 2. All tracks participating as receiving tracks in intertrack wagering under
8 the jurisdiction of the commission; and

9 3. All tracks participating as receiving tracks displaying simulcasts and
10 conducting interstate wagering thereon.

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

14 2. Beginning August 1, 2022, the tax shall be one and one-half percent
15 (1.5%) of all money wagered on races as provided in paragraph (a) of
16 this subsection during the fiscal year.

17 (c) A noncontiguous track facility approved by the commission on or after
18 January 1, 1999, shall be exempt from the tax imposed under this subsection,
19 if the facility is established and operated by a licensed track which has a total
20 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
21 or less. The amount of money exempted under this paragraph shall be retained
22 by the noncontiguous track facility, KRS 230.3771 and 230.378
23 notwithstanding.

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

26 1. An amount equal to one percent (1%) of the amount wagered shall be
27 deposited as follows:

- 1 a. In the Thoroughbred development fund established in KRS
2 230.400 if the host track is conducting a Thoroughbred race
3 meeting or the interstate wagering is conducted on a Thoroughbred
4 race meeting;
- 5 b. In the Kentucky standardbred development fund established in
6 KRS 230.770, if the host track is conducting a harness race
7 meeting or the interstate wagering is conducted on a harness race
8 meeting; or
- 9 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
10 Arabian development fund established by KRS 230.445, if the host
11 track is conducting a quarter horse, paint horse, Appaloosa, or
12 Arabian horse race meeting or the interstate wagering is conducted
13 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
14 meeting;
- 15 2. An amount equal to twenty-five thousandths of one percent (0.025%) of
16 the amount wagered shall be allocated to the equine industry program
17 trust and revolving fund established by KRS 230.550 to be used to
18 support the Equine Industry Program at the University of Louisville;
- 19 3. An amount equal to one-twentieth of one percent (0.05%) of the amount
20 wagered shall be deposited in a trust and revolving fund to be used for
21 the construction, expansion, or renovation of facilities or the purchase of
22 equipment for equine programs at state universities, as detailed in
23 subsection (1)(d)5. of this section; and
- 24 4. An amount equal to one-twentieth of one percent (0.05%) of the amount
25 wagered shall be distributed to the commission to support equine drug
26 testing as provided in KRS 230.265(3).
- 27 (3) If a host track in this state is the location for the conduct of a two (2) day

1 international horse racing event that distributes in excess of a total of twenty million
2 dollars (\$20,000,000) in purses and awards:

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

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

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

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

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

16 **(b) The fund shall be administered by the director of the Division of Behavioral**
17 **Health of the Department for Behavioral Health, Developmental and**
18 **Intellectual Disabilities, and shall consist of moneys distributed to it under**
19 **Section 1 of this Act.**

20 **(c) Notwithstanding KRS 45.229, moneys remaining in the account at the close**
21 **of a fiscal year shall not lapse but shall carry forward into the succeeding**
22 **fiscal year. Interest earned on any moneys in the fund shall accrue to the**
23 **fund.**

24 **(d) Except for administrative expenses of the Division of Behavioral Health**
25 **relating to the fund, which shall be limited to fifty thousand dollars**
26 **(\$50,000) per year, all moneys in the fund are appropriated for, and shall be**
27 **used exclusively for the purposes of:**

- 1 1. Providing support to agencies, groups, organizations, and persons that
- 2 provide education, assistance, and counseling to persons and families
- 3 experiencing difficulty as a result of addiction to alcohol or drugs or
- 4 addictive or compulsive gambling;
- 5 2. Promoting public awareness of and providing education about
- 6 addictions;
- 7 3. Establishing and funding programs to certify addiction counselors;
- 8 4. Promoting public awareness of assistance programs for addicts; and
- 9 5. Paying the costs and expenses associated with the treatment of
- 10 addictions.
- 11 (2) The racing commission shall promulgate administrative regulations to establish
- 12 criteria for the expenditure of funds from the Kentucky problem gambling
- 13 assistance fund. The administrative regulations shall:
- 14 (a) Establish standards for the types of agencies, groups, organizations, and
- 15 persons eligible to receive funding;
- 16 (b) Establish standards for the types of activities eligible for funding;
- 17 (c) Establish standards for the appropriate documentation of past performance
- 18 and the activities of agencies, groups, organizations, and persons requesting
- 19 funding;
- 20 (d) Establish standards for the development of performance measures or other
- 21 evidence of successful expenditure of awarded funds;
- 22 (e) Establish procedures for the submission, evaluation, and review of
- 23 applications for funding;
- 24 (f) Establish procedures for making funding awards to requesting entities who
- 25 have demonstrated the capability to efficiently and effectively provide the
- 26 necessary services;
- 27 (g) Establish requirements and procedures for the monitoring of funds

1 awarded, including requirements for the submission of reports and
2 documentation supporting expenditures; and

3 (h) Include any other provisions related to funding or the administration of the
4 account as determined by the racing commission.

5 (3) On or before October 1, 2024, and every October 1 thereafter, the director of the
6 Division of Behavioral Health, in cooperation with the commissioner of the
7 Department for Behavioral Health, Developmental and Intellectual Disabilities
8 and the secretary of the Cabinet for Health and Family Services, shall submit to
9 the Governor and the Legislative Research Commission an annual report
10 detailing activities and expenditures associated with the Kentucky problem
11 gambling assistance fund for the preceding fiscal year.

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

14 (1) Any track licensed by the racing commission to conduct live horse racing or races
15 previously run shall implement a program to promote responsible gaming by its
16 patrons and provide details of the same to the racing commission. At a minimum,
17 the program shall require:

18 (a) Posting in a conspicuous place, in every place where pari-mutuel wagering
19 on historical horse racing is conducted, a sign that bears a toll-free
20 telephone number approved by the Kentucky Council on Problem Gambling
21 or other organization that provides assistance to problem gamblers;

22 (b) Providing informational leaflets or other similar materials on its licensed
23 premises on the dangers associated with problem gambling;

24 (c) Including in the licensee's promotional and marketing materials
25 information on problem gambling and organizations that provide assistance
26 to problem gamblers;

27 (d) Routine auditing of patron activity to identify patrons who have suffered

- 1 significant financial losses in repeated visits to its licensed premises and
2 providing such patrons with information on organizations that provide
3 assistance to problem gamblers;
- 4 (e) Training for employees at licensed tracks that also hold a license issued
5 under KRS 243.265 to identify patrons who have consumed excessive
6 amounts of alcohol to prevent such patrons from continuing to engage in
7 wagering activity while impaired;
- 8 (f) Forming a partnership with the Kentucky Council on Problem Gambling,
9 the National Council on Problem Gambling, or other similar organization
10 to identify and promote best practices for preventing problem gambling;
- 11 (g) Training for all employees who have contact with patrons, as well as
12 administrative and corporate staff members, that shall include skills and
13 procedures to respond to situations where a patron exhibits warning signs
14 of a gambling problem or where a patron discloses he or she may have a
15 gambling problem. Employees and staff shall be trained immediately upon
16 their hiring and retrained and tested regularly; and
- 17 (h) Providing that any request by a patron who wishes to self-exclude from the
18 licensed premises of a track regulated under this chapter is honored by the
19 licensee.
- 20 (2) A licensee shall report annually to the racing commission and make a copy
21 available to the public on its efforts to meet the requirements of subsection (1) of
22 this section, its efforts to identify problem gamblers, and steps taken to:
- 23 (a) Prevent such individuals from continuing to engage in pari-mutuel
24 wagering on historical horse racing; and
- 25 (b) Provide assistance to these individuals to address problem gambling activity.