

1 AN ACT relating to wagering and making an appropriation therefor.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
4 READ AS FOLLOWS:

5 *(1) (a) There is hereby established in the State Treasury a restricted account to be*  
6 *known as the sports wagering administration fund. The fund shall consist*  
7 *of moneys received from the moneys collected under Sections 10, 11, and 14*  
8 *of this Act and state appropriations.*

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

10 *a. For administrative expenses relating to or associated with the*  
11 *purposes of sports wagering which shall be disbursed by the*  
12 *Finance and Administration Cabinet upon the warrant of the*  
13 *Public Protection Cabinet; and*

14 *b. Two and one-half percent (2.5%) of the funds shall be deposited*  
15 *in the Kentucky problem gambling assistance account*  
16 *established in Section 2 of this Act.*

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

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

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

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

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

- 1 (1) (a) There is established in the State Treasury a revolving account to be known  
2 as the Kentucky problem gambling assistance account.
- 3 (b) The account shall be administered by the director of the Division of  
4 Behavioral Health of the Department for Behavioral Health, Developmental  
5 and Intellectual Disabilities, and shall consist of moneys distributed to it  
6 under Section 1 of this Act.
- 7 (c) Notwithstanding KRS 45.229, moneys remaining in the account at the close  
8 of a fiscal year shall not lapse but shall carry forward into the succeeding  
9 fiscal year. Interest earned on any moneys in the account shall accrue to the  
10 account.
- 11 (d) Except for administrative expenses of the Division of Behavioral Health  
12 relating to the account, which shall be limited to fifty thousand dollars  
13 (\$50,000) per fiscal year, all moneys in the account are appropriated for,  
14 and shall be used exclusively for, the purposes of:
- 15 1. Providing support to agencies, groups, organizations, and persons that  
16 provide education, assistance, and counseling to persons and families  
17 experiencing difficulty as a result of addiction to alcohol or drugs, or  
18 addictive or compulsive gambling;
- 19 2. Promoting public awareness of, and providing education about,  
20 addictions;
- 21 3. Establishing and funding programs to certify addiction counselors;
- 22 4. Promoting public awareness of assistance programs for addicts; and
- 23 5. Paying the costs and expenses associated with the treatment of  
24 addictions.
- 25 (2) The Cabinet for Health and Family Services shall promulgate administrative  
26 regulations to establish criteria for the expenditure of funds from the Kentucky  
27 problem gambling assistance account. The administrative regulations shall:

- 1        (a) Establish standards for the types of agencies, groups, organizations, and  
2            persons eligible to receive funding;
- 3        (b) Establish standards for the types of activities eligible for funding;
- 4        (c) Establish standards for the appropriate documentation of past performance  
5            and the activities of agencies, groups, organizations, and persons requesting  
6            funding;
- 7        (d) Establish standards for the development of performance measures or other  
8            evidence of successful expenditure of awarded funds;
- 9        (e) Set forth procedures for the submission, evaluation, and review of  
10           applications for funding;
- 11       (f) Set forth procedures for making funding awards to requesting entities who  
12           have demonstrated the capability to efficiently and effectively provide the  
13           necessary services;
- 14       (g) Establish requirements and procedures for the monitoring of funds  
15           awarded, including requirements for the submission of reports and  
16           documentation supporting expenditures; and
- 17       (h) Include any other provisions related to funding or the administration of the  
18           account as determined by the cabinet.
- 19       (3) On or before October 1, 2024, and every October 1 thereafter, the director of the  
20           Division of Behavioral Health, in cooperation with the commissioner of the  
21           Department for Behavioral Health, Developmental and Intellectual Disabilities  
22           and the secretary of the Cabinet for Health and Family Services, shall submit an  
23           annual report detailing activities and expenditures associated with the Kentucky  
24           problem gambling assistance account for the preceding fiscal year. The annual  
25           report shall be submitted to:
- 26           (a) The Legislative Research Commission; and
- 27           (b) The Governor.

1           ➔Section 3. KRS 230.210 is amended to read as follows:

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

3       (1) "Advance deposit account wagering" means a form of pari-mutuel wagering in  
4       which an individual may establish an account with a person or entity licensed by the  
5       racing commission, and may place a pari-mutuel wager through that account that is  
6       permitted by law;

7       (2) "Advance deposit account wagering licensee" means a person or entity licensed by  
8       the racing commission to conduct advance deposit account wagering and accept  
9       deposits and wagers, issue a receipt or other confirmation to the account holder  
10      evidencing such deposits and wagers, and transfer credits and debits to and from  
11      accounts;

12      **(3) "Amateur youth sporting event" means any sporting event in which an**  
13      **individual:**

14      **(a) Shall be less than eighteen (18) years of age to participate; and**

15      **(b) Is prohibited, as a condition of participating in the sporting event, from**  
16      **receiving direct or indirect compensation for the use of the individual's**  
17      **athletic skill in any manner with respect to the sport in which the particular**  
18      **sporting event is conducted;**

19      ~~(4)~~~~(3)~~ "Appaloosa race" or "Appaloosa racing" means that form of horse racing in  
20      which each horse participating in the race is registered with the Appaloosa Horse  
21      Club of Moscow, Idaho, and is mounted by a jockey;

22      ~~(5)~~~~(4)~~ "Arabian" means a horse that is registered with the Arabian Horse Registry of  
23      Denver, Colorado;

24      ~~(6)~~~~(5)~~ "Association" means any person licensed by the Kentucky Horse Racing  
25      Commission under KRS 230.300 and engaged in the conduct of a recognized horse  
26      race meeting;

27      **(7) "Geofence" means a virtual geographic boundary defined by Global Positioning**

1        **System (GPS) or Radio Frequency Identification (RFID) technology;**

2        ~~(8)~~~~(6)~~ "Harness race" or "harness racing" means trotting and pacing races of the  
3        standardbred horses;

4        ~~(9)~~~~(7)~~ "Horse race meeting" means horse racing run at an association licensed and  
5        regulated by the Kentucky Horse Racing Commission, and may include  
6        Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;

7        ~~(10)~~~~(8)~~ "Host track" means the track conducting racing and offering its racing for  
8        intertrack wagering, or, in the case of interstate wagering, means the Kentucky  
9        track conducting racing and offering simulcasts of races conducted in other states or  
10       foreign countries;

11       ~~(11)~~~~(9)~~ "Intertrack wagering" means pari-mutuel wagering on simulcast horse races  
12       from a host track by patrons at a receiving track;

13       ~~(12)~~~~(10)~~ "Interstate wagering" means pari-mutuel wagering on simulcast horse races  
14       from a track located in another state or foreign country by patrons at a receiving  
15       track or simulcast facility;

16       ~~(13)~~~~(11)~~ "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund"  
17       means a purse fund established to receive funds as specified in KRS 230.3771 for  
18       purse programs established in KRS 230.446 to supplement purses for quarter horse,  
19       paint horse, Appaloosa, and Arabian horse races. The purse program shall be  
20       administered by the Kentucky Horse Racing Commission;

21       ~~(14)~~~~(12)~~ "Kentucky resident" means:

22       (a) An individual domiciled within this state;

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

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

1 account wagering;

2 **(15) "Licensed facility for sports wagering" means the designated areas to conduct**  
3 **sports wagering for a track licensed to conduct sports wagering pursuant to**  
4 **Section 10 of this Act;**

5 **(16)**~~(13)~~ "Licensed premises" means a track or simulcast facility licensed by the racing  
6 commission under this chapter;

7 **(17)**~~(14)~~ "Paint horse" means a horse registered with the American Paint Horse  
8 Association of Fort Worth, Texas;

9 **(18)**~~(15)~~ "Pari-mutuel wagering," "pari-mutuel system of wagering," or "mutuel  
10 wagering" each means any method of wagering previously or hereafter approved by  
11 the racing commission in which one (1) or more patrons wager on a horse race or  
12 races, whether live, simulcast, or previously run. Wagers shall be placed in one (1)  
13 or more wagering pools, and wagers on different races or sets of races may be  
14 pooled together. Patrons may establish odds or payouts, and winning patrons share  
15 in amounts wagered including any carryover amounts, plus any amounts provided  
16 by an association less any deductions required, as approved by the racing  
17 commission and permitted by law. Pools may be paid out incrementally over time  
18 as approved by the racing commission;

19 **(19) "Person" means an individual, sole proprietorship, partnership, association,**  
20 **fiduciary, corporation, limited liability company, or any other business entity;**

21 **(20)**~~(16)~~ "Principal" means any of the following individuals associated with a  
22 partnership, trust, association, limited liability company, or corporation that is  
23 licensed to conduct a horse race meeting or an applicant for a license to conduct a  
24 horse race meeting:

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

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

- 1 (c) All trustees and trust beneficiaries of an association;
- 2 (d) The president or chief executive officer and all other officers, managers, and  
3 employees who have policy-making or fiduciary responsibility within the  
4 organization;
- 5 (e) All stockholders or other individuals who own, hold, or control, either directly  
6 or indirectly, five percent (5%) or more of stock or financial interest in the  
7 collective organization; and
- 8 (f) Any other employee, agent, guardian, personal representative, or lender or  
9 holder of indebtedness who has the power to exercise a significant influence  
10 over the applicant's or licensee's operation;
- 11 ~~(21)~~~~(17)~~ "Quarter horse" means a horse that is registered with the American Quarter  
12 Horse Association of Amarillo, Texas;
- 13 ~~(22)~~~~(18)~~ "Racing commission" means the Kentucky Horse Racing Commission;
- 14 ~~(23)~~~~(19)~~ "Receiving track" means a track where simulcasts are displayed for wagering  
15 purposes. A track that submits an application for intertrack wagering shall meet all  
16 the regulatory criteria for granting an association license of the same breed as the  
17 host track, and shall have a heated and air-conditioned facility that meets all state  
18 and local life safety code requirements and seats a number of patrons at least equal  
19 to the average daily attendance for intertrack wagering on the requested breed in the  
20 county in which the track is located during the immediately preceding calendar  
21 year;
- 22 ~~(24)~~~~(20)~~ "Simulcast facility" means any facility approved pursuant to the provisions of  
23 KRS 230.380 to simulcast live racing and conduct pari-mutuel wagering on live  
24 racing;
- 25 ~~(25)~~~~(21)~~ "Simulcasting" means the telecast of live audio and visual signals of horse  
26 races for the purpose of pari-mutuel wagering;
- 27 **(26) "Sporting event" means an event at which two (2) or more persons participate in**

1 athletic contests, or an event that takes place in relation to athletic contests as  
2 approved by the racing commission but shall not include horse racing or amateur  
3 youth sports or athletic events in which the majority of participants are under the  
4 age of eighteen (18);

5 (27) "Sports governing body" means the organization, league, or association that  
6 oversees a sport, prescribes final rules, and enforces codes of conduct with  
7 respect to such sport and participants therein;

8 (28) "Sports wagering" means the wagering conducted under this chapter on sporting  
9 events or portions of sporting events, or on the individual performance statistics  
10 of athletes in a sporting event or combination of sporting events in conformance  
11 with federal law and as authorized by the racing commission pursuant to this  
12 chapter;

13 (29) "Sports wagering device" means a mechanical, electrical, or computerized  
14 contrivance, terminal, device, apparatus, software, piece of equipment, or supply  
15 approved by the racing commission for conducting sports wagering under this  
16 chapter. This term includes a personal computer, mobile device, or other device  
17 used in connection with sports wagering not conducted at a licensed facility for  
18 sports wagering;

19 (30) "Sports wagering service provider" or "service provider" means a person  
20 authorized to conduct or manage sports wagering through an agreement with a  
21 track and provide these services at a licensed facility for sports wagering,  
22 simulcast facility, or through a website or mobile interface approved by the racing  
23 commission;

24 (31)~~(22)~~ "Telephone account wagering" means a form of pari-mutuel wagering where  
25 an individual may deposit money in an account at a track and may place a wager by  
26 direct telephone call or by communication through other electronic media owned by  
27 the holder of the account to the track;



1 ~~(32)~~~~(23)~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing  
2 in which each horse participating in the race is a Thoroughbred, (i.e., meeting the  
3 requirements of and registered with The Jockey Club of New York) and is mounted  
4 by a jockey; and

5 ~~(33)~~~~(24)~~ "Track" means any association duly licensed by the Kentucky Horse Racing  
6 Commission to conduct horse racing and shall include:

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

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

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

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

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

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

25 *(1) The racing commission shall institute a system of sports wagering in*  
26 *conformance with federal law, this chapter, and by administrative regulations*  
27 *promulgated under the authority of Section 6 of this Act.*

1 (2) Sports wagering shall not be offered in this state except as authorized by this  
2 section and Section 10 of this Act. A track that holds a license to operate sports  
3 wagering may contract with sports wagering service providers to conduct or  
4 manage sports wagering operations as authorized by this chapter. Sports  
5 wagering may be provided at a licensed facility for sports wagering or online  
6 through a website or mobile application. The licensed facility for sports wagering  
7 or a sports wagering service provider may provide sports wagering through a  
8 website or mobile interface as approved by the racing commission. The racing  
9 commission may provide temporary licenses to licensed facilities for sports  
10 wagering or sports wagering service providers, if the commission deems that the  
11 information submitted by them is sufficient to determine the applicant's  
12 suitability. The racing commission shall promulgate administrative regulations to  
13 establish the suitability for temporary and ordinary license applications for  
14 licensed facilities for sports wagering, sports wagering service providers, and any  
15 related parties.

16 (3) Sports wagering licensees and service providers that accept wagers online via  
17 websites and mobile applications shall impose the following requirements:

18 (a) Prior to placing a wager online via websites or mobile applications operated  
19 by either a sports wagering licensee or a service provider, a patron shall  
20 register the patron's sports wagering account with the operating sports  
21 wagering licensee or service provider either in person at a licensed facility  
22 for sports wagering or remotely through the service provider's website or  
23 mobile application;

24 (b) 1. The registration process shall include attestation that the patron meets  
25 the requirements to place a wager with a sports wagering licensee or  
26 service provider in this state.

27 2. Prior to verification of a patron's identity, a sports wagering licensee

1 or service provider shall not allow the patron to engage in sports  
2 wagering, make a deposit, or process a withdrawal via the patron's  
3 sports wagering account.

4 3. A sports wagering licensee or service provider shall implement  
5 commercially and technologically reasonable procedures to prevent  
6 access to sports wagering by any person under the age of eighteen  
7 (18):

8 a. At a licensed facility; and

9 b. Online via website or mobile application.

10 4. A sports wagering licensee or service provider may use information  
11 obtained from third parties to verify that a person is authorized to  
12 open an account, place wagers, and make deposits and withdrawals;

13 (c) A sports wagering licensee or service provider shall adopt an account  
14 registration policy to ensure that all patrons are authorized to place a wager  
15 with a sports wagering licensee or service provider within the  
16 Commonwealth of Kentucky. This policy shall include, without limitation, a  
17 mechanism by which to:

18 1. Verify the name and age of the patron;

19 2. Verify that the patron is not prohibited from placing a wager; and

20 3. Obtain the following information:

21 a. A physical address other than a post office box;

22 b. A phone number;

23 c. A unique user name; and

24 d. An e-mail account;

25 (d) A sports wagering licensee or service provider shall use all commercially  
26 and technologically reasonable means to ensure that each patron is limited  
27 to one (1) account with that service provider in the Commonwealth, but

1           nothing in this paragraph restricts a patron from holding other sports  
2           wagering accounts in other jurisdictions;

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

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

11           (g) A sports wagering licensee or service provider shall utilize geolocation or  
12           geofencing technology to ensure that wagers are only accepted from patrons  
13           who are physically located in the Commonwealth. A sports wagering  
14           licensee or service provider shall maintain in this state its servers used to  
15           transmit information for purposes of accepting or paying out wagers on a  
16           sporting event placed by patrons in this state;

17           (h) A patron may fund the patron's account using any acceptable form of  
18           payment or advance deposit method, which shall include the use of cash,  
19           cash equivalents, credit cards, debit cards, automated clearing house, other  
20           electronic methods, and any other form of payment authorized by the racing  
21           commission; and

22           (i) The racing commission may enter into agreements with other jurisdictions  
23           or entities to facilitate, administer, and regulate multi-jurisdictional sports  
24           betting by sports betting operators to the extent that entering into the  
25           agreement is consistent with state and federal laws and the sports betting  
26           agreement is conducted only in the United States.

27           (4) A track may contract with no more than three (3) service providers at a time to

1 conduct and manage services and technology which support the operation of  
2 sports betting both on the track and online via websites and mobile applications.  
3 The website or mobile application used to offer sports betting shall be offered  
4 only under the same brand as the track or that of the service provider contracted  
5 with the track, or both.

6 (5) A track or service provider through an agreement with a licensed track shall not  
7 offer sports wagering until the racing commission has issued a sports wagering  
8 license to the track, except for temporary licenses authorized under Section 11 of  
9 this Act.

10 (6) (a) A track licensed under Section 10 of this Act may offer sports wagering at a  
11 facility that meets the definition of "track" in Section 3 of this Act.

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

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

16 (1) Sporting events that may be wagered upon include but are not limited to:

17 (a) Professional sporting events;

18 (b) College sporting events sanctioned by the National Collegiate Athletic  
19 Association, the National Association of Intercollegiate Athletics, or other  
20 collegiate athletic body recognized by the racing commission;

21 (c) Amateur sporting events;

22 (d) International sporting events, including but not limited to the Olympics and  
23 World Cup Soccer;

24 (e) Electronic sports, e-sports, and competitive video game events; and

25 (f) Any other event authorized by the racing commission.

26 (2) (a) A sports governing body may submit a request to the racing commission to  
27 restrict, limit, or exclude a certain type, form, or category of sports wagering

1 with respect to covered sporting events of that body, if the sport's governing  
2 body believes that this type, form, or category of sports wagering with  
3 respect to covered sporting events of that body may undermine the integrity  
4 or perceived integrity of that body or covered sporting events of that body.  
5 The sport's governing body shall provide the racing commission with notice  
6 of this request in the form and manner required by the racing commission.

7 (b) The racing commission shall request comment from tracks and service  
8 providers on all requests made under paragraph (a) of this subsection. After  
9 giving due consideration to all comments received, the racing commission  
10 shall grant the request if the requesting body demonstrates good cause that  
11 this type, form, or category of sports wagering is likely to undermine the  
12 integrity or perceived integrity of the sport's governing body or covered  
13 sporting events of that body.

14 (c) The racing commission shall respond to a request concerning a particular  
15 event before the start of the event, or if it is not feasible to respond before  
16 the start of the event, no later than seven (7) days after the request is made.  
17 If the racing commission determines that the requestor is more likely than  
18 not to prevail in successfully demonstrating good cause for its request, the  
19 racing commission may provisionally grant the request of the sport's  
20 governing body until the racing commission makes a final determination as  
21 to whether the requestor has demonstrated good cause. Absent this  
22 provisional grant by the racing commission, tracks and service providers  
23 may continue to offer sports wagering on covered sporting events that are  
24 the subject of the request during the pendency of the racing commission's  
25 consideration of the applicable request.

26 ➔Section 6. 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 is hereby 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  
23 the public health, safety, and welfare, to vest in the racing commission  
24 forceful 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 plenary power to promulgate administrative**  
11 **regulations prescribing conditions under which all sports wagering is to be**  
12 **conducted.**

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

21 ➔Section 7. 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 wagering  
24 on horse racing, **sports wagering,** and related activities within the Commonwealth  
25 of Kentucky. The racing commission shall be attached to the Public Protection  
26 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  
8 or 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  
20 oversight and regulatory role on such matters as medical practices and  
21 integrity issues;
- 22 (c) Recommending tax incentives and implementing incentive programs to ensure  
23 the strength and growth of the equine industry;
- 24 (d) Designing and implementing programs that strengthen the ties between  
25 Kentucky's horse industry and the state's universities, with the goal of  
26 significantly increasing the economic impact of the horse industry on  
27 Kentucky's economy, improving research for the purpose of promoting the

1 enhanced health and welfare of the horse, and other related industry issues;[  
2 and]

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

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

7 **(g) Developing a program to share wagering information with sports governing**  
8 **bodies upon which sports wagering may be conducted. The program shall**  
9 **be designed to assist the racing commission in determining potential**  
10 **problems or questionable activity and provide reports to sports governing**  
11 **bodies effectively.**

12 →Section 8. 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, **supervisors of sports wagering,** veterinarians,  
17 inspectors, accountants, security officers, and other employees deemed by the  
18 executive director to be essential at or in connection with any horse race  
19 meeting and in the best interest of racing, **or those deemed by the executive**  
20 **director to be integral to the 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 granted police powers, and police officers for the purpose of  
13 enforcing all laws relating directly or indirectly to the conduct of horse racing  
14 and pari-mutuel wagering thereon, the conduct of sports wagering, or the  
15 enforcement of laws relating to the protection of persons or property on  
16 premises licensed by the racing 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 at race meetings or in the  
26 conduct of sports wagering, and restricting or prohibiting the use and  
27 administration of drugs or stimulants or other improper acts to horses prior to

1 the horse participating in a race.

2 **(b)** The racing commission may acquire, operate, and maintain, or contract for the  
3 maintenance and operation of, a testing laboratory and related facilities, for  
4 the purpose of saliva, urine, or other tests, and to purchase supplies and  
5 equipment for and in connection with the laboratory or testing processes.

6 **(c)** The expense of the laboratory or other testing processes, whether furnished by  
7 contract or otherwise, together with all supplies and equipment used in  
8 connection therewith, shall be paid by the various associations licensed under  
9 this chapter in the manner and in proportions as the racing commission shall  
10 by administrative regulation provide.

11 (3) **(a)** The expenses of the commission and the compensation of all employees  
12 referred to in this section shall be paid by the licensee conducting a horse race  
13 meeting or pari-mutuel wagering on live or historic horse racing, **provided**  
14 **that the expenses of the commission and the compensation of employees**  
15 **under this section related to administering the system of sports wagering**  
16 **shall be paid by the sports wagering administration fund established in**  
17 **Section 1 of this Act.**

18 **(b)** The salary of the executive director to the racing commission shall be prorated  
19 among and paid by the various **persons**~~[associations]~~ licensed under this  
20 chapter in the manner as the racing commission shall, by administrative  
21 regulation, provide.

22 **(c)** Except for the Thoroughbred steward and the standardbred judge authorized  
23 in subsection (1) of this section, the employees referred to in this section shall  
24 be deemed employees of the racing commission, and are paid by the licensee  
25 or association.

26 (4) Each person, as a condition precedent to the privilege of receiving a license under  
27 this chapter to conduct a horse race meeting, shall be deemed to have agreed to pay

1 expenses and compensation as provided in this section and as may be actually and  
2 reasonably incurred.

3 ➔Section 9. KRS 230.260 is amended to read as follows:

4 The racing commission, in the interest of breeding or the improvement of breeds of  
5 horses **and in the interest of ensuring the integrity of authorized sports wagering**, shall  
6 have all powers necessary and proper to carry out fully and effectually the provisions of  
7 this chapter including but without limitation the following:

8 (1) The racing commission is vested with jurisdiction and supervision over all horse  
9 race meetings **and sports wagering** in this Commonwealth and over all associations  
10 and all persons on association grounds and may eject or exclude therefrom or any  
11 part thereof, any person, licensed or unlicensed, whose conduct or reputation is  
12 such that **the person's**~~his~~ presence on association grounds may, in the opinion of  
13 the racing commission, **negatively** reflect on the honesty and integrity of horse  
14 racing, **or on sporting events upon which sports wagers may be placed**, or interfere  
15 with the orderly conduct of horse racing or racing at horse race meetings; provided,  
16 however, no persons shall be excluded or ejected from association grounds solely  
17 on the ground of race, color, creed, national origin, ancestry, or sex;

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

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

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

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

1 chapter on a horse registered to participate in a breeders incentive fund under the  
2 jurisdiction of the racing commission;

3 (8) The racing commission shall have full authority to prescribe necessary and  
4 reasonable administrative regulations and conditions under which horse racing at a  
5 horse race meeting shall be conducted in this state and to fix and regulate the  
6 minimum amount of purses, stakes, or awards to be offered for the conduct of any  
7 horse race meeting;

8 (9) Applications for licenses shall be made in the form, in the manner, and contain  
9 information as the racing commission may, by administrative regulation, require.  
10 Fees for all licenses issued under KRS 230.310 shall be prescribed by and paid to  
11 the racing commission;

12 (10) The racing commission shall establish by administrative regulation minimum fees  
13 for jockeys to be effective in the absence of a contract between an employing owner  
14 or trainer and a jockey. The minimum fees shall be no less than those of July 1,  
15 1985;

16 (11) The racing commission may refuse to issue or renew a license, revoke or suspend a  
17 license, impose probationary conditions on a license, issue a written reprimand or  
18 admonishment, impose fines or penalties, deny purse money, require the forfeiture  
19 of purse money, or any combination thereof with regard to a licensee or other  
20 person participating in Kentucky horse racing for violation of any federal or state  
21 statute, regulation, or steward's or racing commission's directive, ruling, or order to  
22 preserve the integrity of Kentucky horse racing or to protect the racing public. The  
23 racing commission shall, by administrative regulation, establish the criteria for  
24 taking the actions described in this subsection;

25 (12) The racing commission may issue subpoenas for the attendance of witnesses before  
26 it and for the production of documents, records, papers, books, supplies, devices,  
27 equipment, and all other instrumentalities related to pari-mutuel horse racing or



1        sports wagering within the Commonwealth. The racing commission may  
2        administer oaths to witnesses and require witnesses to testify under oath whenever,  
3        in the judgment of the racing commission, it is necessary to do so for the effectual  
4        discharge of its duties;

5        (13) The racing commission shall have authority to compel any racing association  
6        licensed under this chapter to file with the racing commission at the end of its fiscal  
7        year, a balance sheet, showing assets and liabilities, and an earnings statement,  
8        together with a list of its stockholders or other persons holding a beneficial interest  
9        in the association;

10       (14) The racing commission shall promulgate administrative regulations establishing  
11       safety standards for jockeys, which shall include the use of rib protection  
12       equipment. Rib protection equipment shall not be included in a jockey's weight;~~f~~  
13       ~~and~~

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

17       (b) Each racing association shall display a notice to the public of the self-  
18       exclusion list and the method or methods individuals may use to self-identify  
19       at the track, online, or by phone.

20       (c) Self-exclusion information collected by each racing association shall be  
21       forwarded to the racing commission, and the information from the racing  
22       associations shall be compiled into a comprehensive list that shall be provided  
23       to all racing associations.

24       (d) Pursuant to KRS 61.878(1)(a), information collected under this subsection  
25       shall be excluded from the application of KRS 61.870 to 61.884; and

26       (16) (a) The racing commission shall promulgate administrative regulations to  
27       establish standards for the conduct of sports wagering, including standards

1 for receiving and paying out wagers, offering sports wagering through a  
2 website or mobile application, maintaining and auditing books and  
3 financial records, securely maintaining records of bets and wagers, integrity  
4 requirements for sports wagering and related data, suitability requirements  
5 for providers of associated equipment, geofence standards for wager  
6 placement, designated areas for sports wagering, surveillance and  
7 monitoring systems, and other reasonable technical criteria related to  
8 conducting sports wagering.

9 (b) The racing commission shall promulgate administrative regulations related  
10 to age requirements for placing sports wagers, availability of information  
11 related to sports wagers, and licensing requirements, including temporary  
12 authorizations, for service providers, vendors, and suppliers.

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

15 (1) Except as provided in subsection (6) of Section 4 of this Act, no person shall  
16 conduct, manage, or offer to conduct sports wagering within the Commonwealth  
17 of Kentucky without obtaining a license from the racing commission.

18 (2) As a prerequisite to obtaining a sports wagering license, a person shall be  
19 licensed as an association under KRS 230.300. If sports wagering is conducted by  
20 the track that chooses not to contract with a service provider, it shall comply with  
21 the standards established by the racing commission for service providers to  
22 ensure the integrity of the system of sports wagering before conducting sports  
23 wagering in the Commonwealth.

24 (3) In addition to the requirement in subsection (2) of this section, an initial fee of  
25 five hundred thousand dollars (\$500,000) shall be paid to the racing commission  
26 before a sports wagering license may be issued to a track.

27 (4) An annual renewal fee of fifty thousand dollars (\$50,000) shall be required for

1 each sports wagering license.

2 (5) Licensing fees paid under this section shall be deposited into the sports wagering  
3 administration fund established by Section 1 of this Act.

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

6 (1) The racing commission may issue a service provider license to a qualified  
7 applicant.

8 (2) A person applying for a service provider license under this chapter shall pay a  
9 nonrefundable application fee of fifty thousand dollars (\$50,000) to the racing  
10 commission.

11 (3) In determining whether to grant a service provider's license to an applicant, the  
12 racing commission shall consider:

13 (a) The applicant and its past, current, or future operations; and

14 (b) A person that is deemed to have control over the applicant. For the purposes  
15 of this section, the following persons are deemed to have control over an  
16 applicant:

17 1. Each corporate holding company, parent company, or subsidiary  
18 company of a corporate applicant or licensee and each person that  
19 owns five percent (5%) or more of the corporate applicant or licensee  
20 and that has the ability to control the activities of the corporate  
21 applicant or licensee or elect a majority of the board of directors of  
22 that corporate applicant or licensee;

23 2. Each person associated with a noncorporate applicant or licensee that  
24 directly or indirectly holds a beneficial or proprietary interest in the  
25 noncorporate applicant's or licensee's business operation or that the  
26 director otherwise determines has the ability to control the  
27 noncorporate applicant or licensee; and

1           3. Any officer or director of an applicant or licensee having the power to  
2           exercise significant influence over decisions concerning any part of  
3           the applicant's or licensee's relevant sports wagering business  
4           operation in this state.

5           (4) A service provider licensee shall pay an annual renewal fee of ten thousand  
6           dollars (\$10,000).

7           (5) A person applying for a service provider license to conduct sports wagering  
8           through an agreement with a licensed track may receive a temporary license to  
9           immediately commence sports wagering operations if the applicant:

10          (a) Satisfies the racing commission's requirements for a temporary license,  
11          which may consider operations in other jurisdictions in the United States;  
12          and

13          (b) Pays the initial licensing fee of fifty thousand dollars (\$50,000) under  
14          subsection (2) of this section to the racing commission.

15          (6) A temporary license granted to an applicant for a service provider to offer sports  
16          wagering under subsection (5) of this section may be valid for up to one (1) year,  
17          during which a permanent license shall be granted or denied. An applicant shall  
18          not be eligible for an extended or renewed temporary license. The racing  
19          commission reserves the right to revoke any license issued pursuant to this  
20          chapter if it determines that the licensee has violated any provisions of this  
21          chapter or is otherwise deemed unfit for a license.

22          (7) Fees paid under this section shall be deposited into the sports wagering  
23          administration fund established by Section 1 of this Act.

24          ➔Section 12. KRS 230.310 is amended to read as follows:

25          (1) Every person not required to be licensed under KRS 230.300 who desires to  
26          participate in horse racing in the Commonwealth as a horse owner, trainer, jockey,  
27          apprentice jockey, agent, stable employee, racing official, association employee, or

1 employee of a person or concern contracting with the association to provide a  
2 service or commodity and which requires their presence on association grounds  
3 during a race meeting, or veterinarian, farrier, horse dentist, or supplier of food,  
4 tack, medication, or horse feed, or in any other capacity as the racing commission  
5 shall from time to time establish by administrative regulation, shall first apply to the  
6 racing commission for a license to participate in the activity on association grounds  
7 during a race meeting. No person required to be licensed by this section may  
8 participate in any activity required to be licensed on association grounds during a  
9 race meeting without a valid license therefor. An applicant for a license shall submit  
10 to the racing commission fingerprints as may be required and other information  
11 necessary and reasonable for processing a license application. The racing  
12 commission is authorized to exchange fingerprint data with the Department of  
13 Kentucky State Police and the Federal Bureau of Investigation in order to conduct a  
14 criminal history background check of an applicant. The racing commission may  
15 issue a license if it finds that the financial responsibility, age, experience,  
16 reputation, competence, and general fitness of the applicant to perform the activity  
17 permitted by a license are consistent with the best interest of racing and the  
18 maintenance of the honesty, integrity, and high quality thereof.

19 (2) *Every person who desires to participate in sports wagering in the Commonwealth*  
20 *working in a licensed facility for sports wagering, directly supervising individuals*  
21 *who have the capability of affecting the outcome of sports wagering, or having*  
22 *the capability to affect the outcome of sports wagering through deployment of*  
23 *code to production for any critical component of a sports wagering system or the*  
24 *capability to deploy code to production shall first apply to the commission for a*  
25 *valid occupational license to participate in that activity. An applicant for an*  
26 *occupational license shall submit to the racing commission fingerprints as may*  
27 *be required and other information necessary and reasonable for processing a*

1 license application. The racing commission is authorized to exchange fingerprint  
2 data with the Department of Kentucky State Police and the Federal Bureau of  
3 Investigation in order to conduct a criminal history background check of an  
4 applicant. The racing commission may issue a license if it finds that the financial  
5 responsibility, age, experience, reputation, competence, and general fitness of the  
6 applicant to perform the activity permitted by a license are consistent with the best  
7 interest of sports wagering in the Commonwealth, and the maintenance of the  
8 honesty, integrity, and high quality thereof.

9 **(3)** A license may be issued for the calendar year for which an applicant applies or, if  
10 authorized by administrative regulation, a license may be issued that expires on the  
11 last day of the birth month of the licensee. A license may be renewed by the racing  
12 commission. The license shall be valid at all horse race meetings in the  
13 Commonwealth during the period for which it is issued unless suspended or  
14 revoked under the administrative regulations promulgated by the racing  
15 commission under this chapter. The occupational license to participate in sports  
16 wagering may be suspended or revoked pursuant to administrative regulations  
17 promulgated by the racing commission under this chapter. With respect to horse  
18 owners and trainers, the racing commission may promulgate administrative  
19 regulations to facilitate and promote uniform, reciprocal licensing with other states.

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

- 21 (1) (a) The racing commission shall promulgate administrative regulations governing  
22 and regulating mutuel wagering on horse races under what is known as the pari-  
23 mutuel system of wagering.
- 24 (b) The wagering shall be conducted only by a person licensed under this chapter  
25 to conduct a race meeting and only upon the licensed premises, and provided  
26 further that only pari-mutuel wagering on simulcasting shall be allowed at  
27 simulcast facilities.

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

4 (2) The racing commission shall promulgate administrative regulations governing  
5 and regulating sports wagering, including administrative regulations for the  
6 deposit of funds by credit or debit cards or other means of electronic funds  
7 transfer. The racing commission shall promulgate administrative regulations to  
8 establish a fully functioning sports wagering system within six (6) months after  
9 the effective date of this Act.

10 (3) The operation of a pari-mutuel system for betting, or the conduct of sports  
11 wagering, where authorized by law shall not constitute grounds for the revocation  
12 or suspension of any license issued and held under KRS 242.1238 and 243.265.

13 ~~(4)~~<sup>(3)</sup> All reported but unclaimed pari-mutuel winning tickets held in this state by  
14 any person or association operating a pari-mutuel or similar system of betting at  
15 horse race meetings shall be presumed abandoned if not claimed by the person  
16 entitled to them within one (1) year from the time the ticket became payable.

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

26 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO  
27 READ AS FOLLOWS:

1 (1) As used in this section:

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

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

6 (c) "Sporting event" has the same meaning as in Section 3 of this Act;

7 (d) "Sports wagering" has the same meaning as in Section 3 of this Act; and

8 (e) "Taxpayer" means any person liable for tax under this section.

9 (2) An excise tax is imposed on persons licensed to conduct sports wagering under  
10 Sections 10 and 11 of this Act at a rate of:

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

13 (b) Fourteen and one-quarter percent (14.25%) on the adjusted gross revenue  
14 on wagers placed online via websites or mobile applications or other off-site  
15 technology approved by the Kentucky Horse Racing Commission;

16 and shall be appropriated to the sports wagering administration fund established  
17 in Section 1 of this Act and appropriated for the purposes established in that  
18 section.

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

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



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

4 (5) (a) Payment shall be accompanied by a return prescribed by the department.

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

6 1. The total sum of wagers collected in person and electronically through  
7 a mobile application;

8 2. Winnings paid in person and electronically through a mobile  
9 application;

10 3. Adjusted gross revenue in person and electronically through a mobile  
11 application;

12 4. Tax rates applied to adjusted gross revenue in person and  
13 electronically through a mobile application;

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

16 6. Federal excise taxes paid; and

17 7. The total wagering tax due.

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

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

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

1 department.

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

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

7 (1) A person shall not place a sports wager on a game or event in which the person is  
8 a participant.

9 (2) As used in this section, "participant" includes:

10 (a) Players;

11 (b) Coaches;

12 (c) Referees, umpires, judges, or other officials involved in enforcing the rules  
13 of the game;

14 (d) Spouses and close family members of persons included in paragraphs (a) to  
15 (c) of this subsection;

16 (e) Owners or shareholders of more than five percent (5%) interest in  
17 professional sports teams who might have influence over players and  
18 coaches through the ability to hire or fire; and

19 (f) Other persons identified by the racing commission as participants.

20 (3) A person is guilty of tampering with the outcome of a sporting event when the  
21 person interacts with a player, coach, referee, or other participant with the intent  
22 to persuade the participant to act in a way that would:

23 (a) Alter the outcome of the sporting event; or

24 (b) Alter actions within the sporting event upon which people might place  
25 sports wagers.

26 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO  
27 READ AS FOLLOWS:

1 (1) An employee of any track shall not wager or be paid a prize from any wager  
2 placed with that sports wagering licensee or placed online via a website or mobile  
3 application with a service provider licensee that has an agreement with that  
4 sports wagering licensee.

5 (2) An employee of any service provider licensee offering sports wagering through an  
6 agreement with a track shall not wager or be paid a prize from any wager placed  
7 with that track or placed online via a website or mobile application with a service  
8 provider licensee that has an agreement with that track.

9 ➔Section 17. KRS 230.990 is amended to read as follows:

10 (1) Any person who violates KRS 230.070 or KRS 230.080(3) shall be guilty of a Class  
11 D felony.

12 (2) Any person who violates KRS 230.090 shall be guilty of a Class A misdemeanor.

13 (3) Any person who violates KRS 230.680 shall be guilty of a Class A misdemeanor.

14 (4) Any person who refuses to make any report or to turn over sums as required by  
15 KRS 230.361 to 230.373 shall be guilty of a Class A misdemeanor.

16 (5) Any person failing to appear before the racing commission at the time and place  
17 specified in the summons issued pursuant to KRS 230.260(12), or refusing to  
18 testify, shall be guilty of a Class B misdemeanor. False swearing on the part of any  
19 witness shall be deemed perjury and punished as such.

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

25 (b) Any person who, while outside the Commonwealth and with intent to  
26 influence the outcome of a horse race contested within the Commonwealth,  
27 tampers with or interferes with any equine participant involved in or eligible

1 to compete in a horse race in the Commonwealth is guilty of tampering with  
2 or interfering with a horse race.

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

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

6 **(8) Any person tampering with the outcome of a sporting event in violation of Section**  
7 **15 of this Act is guilty of a Class C felony.**

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

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

- 10 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling  
11 any illegal alcoholic beverages on the licensed premises.
- 12 (2) Making any false, material statements in an application or renewal application for a  
13 license or supplemental license.
- 14 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:
- 15 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,  
16 or any act regulating the manufacture, sale, and transportation of alcoholic  
17 beverages within two (2) consecutive years;
- 18 (b) Two (2) misdemeanors directly or indirectly attributable to the use of  
19 alcoholic beverages within two (2) consecutive years; or
- 20 (c) Any felony.
- 21 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any  
22 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of  
23 Congress relative to taxation, or for a violation of any related administrative  
24 regulations promulgated by the Department of Revenue.
- 25 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,  
26 and 243.610, or granted under any Act of Congress relative to the regulation of the  
27 manufacture, sale, and transportation of alcoholic beverages.

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

6 This subsection shall not apply to:

- 7 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;
- 8 (b) The operation of a pari-mutuel system for betting, **or the operation of sports**  
 9 **wagering**, where authorized by law;
- 10 (c) The conduct of charitable gaming by a charitable organization licensed or  
 11 permitted under KRS Chapter 238; or
- 12 (d) Special temporary raffles of alcoholic beverages under KRS 243.036.

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

- 14 (a) The trafficking or possession upon the licensed premises of controlled or  
 15 illegal substances described in KRS Chapter 218A, including synthetic drugs;
- 16 (b) Knowingly permitting the trafficking or possession by patrons upon the  
 17 licensed premises of controlled or illegal substances described in KRS  
 18 Chapter 218A, including synthetic drugs; or
- 19 (c) Knowingly receiving stolen property upon the licensed premises.

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

21 ➔Section 19. KRS 525.090 is amended to read as follows:

22 (1) A person is guilty of loitering when **the person**~~he~~:

- 23 (a) Loiters or remains in a public place for the purpose of gambling with cards,  
 24 dice or other gambling paraphernalia, except that the provisions of this section  
 25 shall not apply if the person is participating in charitable gaming defined by  
 26 KRS 238.505, **or is engaged in sports wagering licensed under KRS Chapter**  
 27 **230**~~;~~~~or~~

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

12 ➔Section 20. KRS 68.182 is amended to read as follows:

- 13 (1) Occupational license fees levied under KRS 67.083, 68.180, and 68.197 by the  
 14 fiscal court of a county, consolidated local government, urban-county government,  
 15 charter county government, or unified local government may apply to racetrack  
 16 extensions.
- 17 (2) As used in this section:
- 18 (a) "Historical horse race" has the same meaning as in KRS 138.511; and
- 19 (b) 1. "Racetrack extension" means any facility:
- 20 a. Owned, leased, or purchased by an association licensed by the  
 21 Kentucky Horse Racing Commission under KRS 230.300;
- 22 b. That meets the definition of "track" under subsection (33)(c) of  
 23 Section 3 of this Act~~[KRS 230.210(24)(e)]~~; and
- 24 c. Where pari-mutuel wagering on historical horse races is conducted  
 25 on terminals approved by the Kentucky Horse Racing  
 26 Commission.
- 27 2. "Racetrack extension" does not include a facility or real property used

1 for training horses or at which live horse races are run for stakes, purses,  
2 or prizes under the jurisdiction of the Kentucky Horse Racing  
3 Commission.

4 ➔Section 21. KRS 91.202 is amended to read as follows:

- 5 (1) Occupational license fees levied under KRS 91.200 by the legislative body of a city  
6 of the first class may apply to racetrack extensions.
- 7 (2) As used in this section:
- 8 (a) "Historical horse race" has the same meaning as in KRS 138.511; and
- 9 (b) 1. "Racetrack extension" means any facility:
- 10 a. Owned, leased, or purchased by an association licensed by the  
11 Kentucky Horse Racing Commission under KRS 230.300;
- 12 b. That meets the definition of "track" under subsection (33)(c) of  
13 Section 3 of this Act~~[KRS 230.210(24)(e)]~~; and
- 14 c. Where pari-mutuel wagering on historical horse races is conducted  
15 on terminals approved by the Kentucky Horse Racing  
16 Commission.
- 17 2. "Racetrack extension" does not include a facility or real property used  
18 for training horses or at which live horse races are run for stakes, purses,  
19 or prizes under the jurisdiction of the Kentucky Horse Racing  
20 Commission.

21 ➔Section 22. KRS 92.282 is amended to read as follows:

- 22 (1) Occupational license fees levied under KRS 92.281 by the legislative body of a city  
23 may apply to racetrack extensions.
- 24 (2) As used in this section:
- 25 (a) "Historical horse race" has the same meaning as in KRS 138.511; and
- 26 (b) 1. "Racetrack extension" means any facility:
- 27 a. Owned, leased, or purchased by an association licensed by the

- 1 Kentucky Horse Racing Commission under KRS 230.300;
- 2 b. That meets the definition of "track" under subsection (33)(c) of  
3 Section 3 of this Act~~[KRS 230.210(24)(e)]~~; and
- 4 c. Where pari-mutuel wagering on historical horse races is conducted  
5 on terminals approved by the Kentucky Horse Racing  
6 Commission.
- 7 2. "Racetrack extension" does not include a facility or real property used  
8 for training horses or at which live horse races are run for stakes, purses,  
9 or prizes under the jurisdiction of the Kentucky Horse Racing  
10 Commission.

11 ➔Section 23. KRS 436.480 is amended to read as follows:

12 KRS Chapter 528 shall not apply to pari-mutuel or sports wagering authorized under the  
13 provisions of KRS Chapter 230.

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