

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

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)~~~~(d)~~ of this
5 subsection 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 the
15 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)~~~~(e)~~ Money shall be deducted from the tax paid under paragraphs (a), ~~and~~
25 (b), ***and (c)*** 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**
7 **be deposited in the Thoroughbred development fund established**
8 **in KRS 230.400 until forty million dollars (\$40,000,000) 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;**

13 2. **a. Before August 1, 2022,** an amount equal to one percent (1%) of all
14 money wagered on live races and historical horse races at the track
15 for harness racing shall be deposited in the Kentucky standardbred
16 development fund established in KRS 230.770, **Beginning August**
17 **1, 2022, an amount equal to one percent (1%) of all money**
18 **wagered on live races at the track for harness racing shall be**
19 **deposited in the Kentucky standardbred development fund until a**
20 **total of twenty million dollars (\$20,000,000) has been deposited**
21 **during a fiscal year from this subparagraph, at which point the**
22 **amount deposited shall decrease to four-tenths of one percent**
23 **(0.4%) of all money wagered; and**

24 **b. Beginning August 1, 2022, an amount equal to one percent (1%)**
25 **of all money wagered on historical horse races at the track for**
26 **harness racing shall be divided with at least one-half (1/2) being**
27 **deposited into the Kentucky standardbred development fund**

1 established in KRS 230.770, with exact amounts based upon
 2 contracts between the parties that have been filed with the
 3 commission until a total of twenty million dollars (\$20,000,000)
 4 has been deposited into the Kentucky standardbred development
 5 fund during a fiscal year from this subparagraph, at which point
 6 the amount deposited in this subdivision shall decrease to four-
 7 tenths of one percent (0.4%) of all money wagered;

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

13 4. An amount equal to two-tenths of one percent (0.2%) of all money
 14 wagered on live races and historical horse races at the track shall be paid
 15 to~~deposited in~~ the:

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

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

25 c. Bluegrass Community and Technical College for the provision
 26 of equine industry programs by the system, except that the
 27 amount paid from money wagered on historical horse races in

1 any fiscal year shall not exceed two hundred fifty thousand
 2 dollars (\$250,000);

3 d. Amounts remaining in a fiscal year after payments are made in
 4 accordance with subdivision a., b., and c. of this subparagraph
 5 shall be made to:

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

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

12 e. Any amounts remaining in a fiscal year after payments are made
 13 in accordance with subdivision a., b., and d. of this
 14 subparagraph shall be paid to the general fund;

15 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
 16 wagered on live races and historical horse races at the track shall
 17 be deposited in a trust and revolving fund to be used for the
 18 construction, expansion, or renovation of facilities or the purchase
 19 of equipment for equine programs at state universities, except that
 20 the amount deposited from money wagered on historical horse
 21 races in any fiscal year shall not exceed three hundred twenty
 22 thousand dollars (\$320,000).

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

27 c. The Kentucky Council on Postsecondary Education shall serve as

1 the administrative agent and shall establish an advisory committee
2 of interested parties, including all universities with established
3 equine programs, to evaluate proposals and make
4 recommendations for the awarding of funds.

5 d. The Kentucky Council on Postsecondary Education may
6 promulgate administrative regulations to establish procedures for
7 administering the program and criteria for evaluating and awarding
8 grants; and

9 6. An amount equal to one-tenth of one percent (0.1%) of all money
10 wagered on live races and historical horse races shall be distributed to
11 the commission to support equine drug testing as provided in KRS
12 230.265(3), except that the amount deposited from money wagered on
13 historical horse races in any fiscal year shall not exceed three hundred
14 twenty thousand dollars (\$320,000).

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

18 ~~{(e) The excise tax imposed by paragraph (a) of this subsection, and the~~
19 ~~distributions provided for in paragraph (c) of this subsection, shall apply to~~
20 ~~money wagered on historical horse races beginning September 1, 2011,~~
21 ~~through March 31, 2014, and historical horse races shall be considered live~~
22 ~~racing for purposes of determining the daily average live handle. Beginning~~
23 ~~April 1, 2014, the tax imposed by paragraph (b) of this subsection shall apply~~
24 ~~to money wagered on historical horse races.}~~

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

27 1. All tracks conducting telephone account wagering;

- 1 2. All tracks participating as receiving tracks in intertrack wagering under
2 the jurisdiction of the commission; and
- 3 3. All tracks participating as receiving tracks displaying simulcasts and
4 conducting interstate wagering thereon.
- 5 (b) **1. Before August 1, 2022,** the tax shall be three percent (3%) of all money
6 wagered on races as provided in paragraph (a) of this subsection during
7 the fiscal year.
- 8 **2. Beginning August 1, 2022, the tax shall be one and one-half percent**
9 **(1.5%) of all money wagered on races as provided in paragraph (a) of**
10 **this subsection during the fiscal year.**
- 11 (c) A noncontiguous track facility approved by the commission on or after
12 January 1, 1999, shall be exempt from the tax imposed under this subsection,
13 if the facility is established and operated by a licensed track which has a total
14 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
15 or less. The amount of money exempted under this paragraph shall be retained
16 by the noncontiguous track facility, KRS 230.3771 and 230.378
17 notwithstanding.
- 18 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
19 this subsection as follows:
- 20 1. An amount equal to two percent (2%) of the amount wagered shall be
21 deposited as follows:
- 22 a. In the Thoroughbred development fund established in KRS
23 230.400 if the host track is conducting a Thoroughbred race
24 meeting or the interstate wagering is conducted on a Thoroughbred
25 race meeting;
- 26 b. In the Kentucky standardbred development fund established in
27 KRS 230.770, if the host track is conducting a harness race

1 meeting or the interstate wagering is conducted on a harness race
2 meeting; or

3 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
4 Arabian development fund established by KRS 230.445, if the host
5 track is conducting a quarter horse, paint horse, Appaloosa, or
6 Arabian horse race meeting or the interstate wagering is conducted
7 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
8 meeting;

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

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

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

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

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

27 (b) Amounts wagered at the track on live races conducted at the track during the

1 two (2) day international horse racing event shall not be included in
2 calculating the daily average live handle for purposes of subsection (1) of this
3 section.

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

6 ➔Section 2. KRS 138.513 is amended to read as follows:

7 (1) (a) Beginning August 1, 2014, but before August 1, 2022, an excise tax is
8 imposed on all advance deposit account wagering licensees licensed under
9 KRS 230.260 at a rate of one-half of one percent (0.5%) of all amounts
10 wagered through the licensee by Kentucky residents; and

11 (b) Beginning August 1, 2022, an excise tax is imposed on all advance deposit
12 account wagering licensees licensed under KRS 230.260 at a rate of one
13 and one-half percent (1.5%) of all amounts wagered through the licensee by
14 Kentucky residents.

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

17 ➔Section 3. KRS 139.200 is amended to read as follows:

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

20 (1) Retail sales of:

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

23 (b) Digital property regardless of whether:

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

27 (2) The furnishing of the following:

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

- 1 furnished:
- 2 1. For natural gas that is classified as residential use as provided in KRS
- 3 139.470(7); or
- 4 2. To a seller or reseller of natural gas;
- 5 (g) Landscaping services, including but not limited to:
- 6 1. Lawn care and maintenance services;
- 7 2. Tree trimming, pruning, or removal services;
- 8 3. Landscape design and installation services;
- 9 4. Landscape care and maintenance services; and
- 10 5. Snow plowing or removal services;
- 11 (h) Janitorial services, including but not limited to residential and commercial
- 12 cleaning services, and carpet, upholstery, and window cleaning services;
- 13 (i) Small animal veterinary services, excluding veterinary services for equine,
- 14 cattle, poultry, swine, sheep, goats, llamas, alpacas, ratite birds, buffalo, and
- 15 cervids;
- 16 (j) Pet care services, including but not limited to grooming and boarding services,
- 17 pet sitting services, and pet obedience training services;
- 18 (k) Industrial laundry services, including but not limited to industrial uniform
- 19 supply services, protective apparel supply services, and industrial mat and rug
- 20 supply services;
- 21 (l) Non-coin-operated laundry and dry cleaning services;
- 22 (m) Linen supply services, including but not limited to table and bed linen supply
- 23 services and nonindustrial uniform supply services;
- 24 (n) Indoor skin tanning services, including but not limited to tanning booth or
- 25 tanning bed services and spray tanning services;
- 26 (o) Non-medical diet and weight reducing services;
- 27 (p) Limousine services, if a driver is provided; and

1 (q) Extended warranty services.

2 ➔Section 4. KRS 137.190 is amended to read as follows:

3 The license tax imposed by KRS 137.170~~[, the admission tax imposed by KRS 138.480,]~~
4 and the state taxes and contributions imposed by KRS 138.510 to 138.550 and KRS
5 230.380 on pari-mutuel systems of betting shall be in lieu of all other license, excise,
6 special, or franchise taxes to the state or any county, city, or other political subdivision.
7 No county, city, or other political subdivision may levy any license, income, excise,
8 special, or franchise tax on any such person or corporation engaged in the business of
9 conducting a race track at which races are conducted for stakes, purses or prizes, or
10 operating as a receiving track or simulcast facility, or on the operation or maintenance of
11 any pari-mutuel machine or similar device, or on the money or amount of money handled
12 by or through any pari-mutuel machine or similar device or on the sale of any
13 merchandise during the conducting of races thereon by any such person or corporation.

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

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

26 ➔Section 6. KRS 138.226 is amended to read as follows:

27 (1) The department shall administer the taxes provided under KRS 138.210 to 138.448

1 and 138.450 to 138.470~~[138.490]~~, except KRS 138.463 and 138.4631, and may
2 prescribe, adopt, and enforce administrative regulations relating to the
3 administration and enforcement thereof.

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

10 ➔Section 7. KRS 138.270 is amended to read as follows:

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

16 (b) To cover evaporation, shrinkage, unaccountable losses, collection costs, bad
17 debts, and handling and reporting the tax, each dealer shall be allowed
18 compensation equal to two and one-fourth percent (2.25%) of the net tax due
19 the Commonwealth pursuant to KRS 138.210 to 138.448~~[138.490]~~ before all
20 allowable tax credits, except the credit authorized pursuant to KRS 138.358.
21 No compensation shall be allowed if the completed tax return and payment are
22 not submitted to the department within the time prescribed by KRS 138.210 to
23 138.448~~[138.490]~~.

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

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

8 ➔Section 8. KRS 138.344 is amended to read as follows:

9 (1) Except as otherwise provided in KRS 138.220 to ~~138.490~~138.448, any person
10 who shall purchase gasoline or special fuel, on which the tax as imposed by KRS
11 138.220 has been paid, for the purpose of operating or propelling stationary engines
12 or tractors for agricultural purposes, or who shall purchase special fuels, on which
13 the tax as imposed by KRS 138.220 has been paid, for consumption in unlicensed
14 vehicles or equipment for nonhighway purposes shall be reimbursed for the tax so
15 paid on the gasoline or special fuel. No refund shall be authorized unless
16 applications and all necessary information are filed with the department on a
17 calendar quarter or calendar year basis on forms and in the manner prescribed by it
18 for refund of the tax paid on the fuel. In lieu of the tax refund procedure, the tax on
19 special fuels and the tax on gasoline used for the purpose of operating or propelling
20 stationary engines or tractors for agricultural purposes may be credited by the dealer
21 to the purchaser as provided in KRS 138.358. The dealer and the purchases shall be
22 subject to the same rules, conditions, and responsibilities as provided in KRS
23 138.344 to 138.355. The tax shall be refunded with interest at the tax interest rate as
24 defined in KRS 131.010(6).

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

27 (a) Name and address of permit holder permit number

- 1 (b) Total number of gallons purchased and total purchase price (Invoices to
2 be attached to refund application.)
- 3 (c) Total number of gallons used on highways
- 4 (d) Total number of gallons on which refund is claimed (Line b minus line c.)
- 5 (e) Other information as the department may require to reasonably protect the
6 revenues of the Commonwealth.

7 ➔Section 9. KRS 138.655 is amended to read as follows:

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

- 10 (1) "Cabinet" means the Transportation Cabinet;
- 11 (2) "Person" includes every natural person, fiduciary, association, state or political
12 subdivision, or corporation. Whenever used in any clause describing and imposing
13 imprisonment the term "person" as applied to an association means and includes the
14 partners or members thereof, and as applied to a corporation the officers thereof;
- 15 (3) "Public highway" means every way or place generally open to the use of the public
16 as a matter of right for the purpose of vehicular travel notwithstanding that it may
17 be temporarily closed or travel thereon restricted for the purpose of construction,
18 maintenance, repair, or reconstruction; also including all city streets, alleys, and any
19 way or place on which a toll is charged for using such way or place;
- 20 (4) "Motor vehicle" means any vehicle, machine, or mechanical contrivance propelled
21 by an internal combustion engine and licensed for operation and operated upon the
22 public highways and any trailer or semitrailer attached to or having its front end
23 supported by such motor vehicle;
- 24 (5) "Motor carrier" means every person who operates or causes to be operated on any
25 highway in this state, any bus engaged in hauling passengers for hire operating
26 under a certificate of convenience and necessity and any commercial truck or
27 commercial tractor-trailer combination having a total of two (2) or more axles and a

1 declared gross weight above twenty-six thousand (26,000) pounds. The number of
2 axles shall include not only those axles on the power unit but if a tractor-trailer
3 combination is involved, also those axles on the trailer or semitrailer:

4 (a) "Axle" means any two (2) or more load-carrying wheels mounted in a single
5 transverse vertical plane;

6 (b) "Trailers and semitrailers" are those as defined in subsections (1) and (2) of
7 KRS 186.650, except that it does not include those trailers defined in
8 subsections (3) and (4) of KRS 186.650 and those exempted from regulation
9 under KRS 186.675. The term "motor carrier" shall not mean or shall not
10 include any person operating or causing to be operated a city bus;

11 (c) "Commercial" refers to any activity for business purposes;

12 (d) For the purposes of KRS 138.660(3) motor carriers, trailers, and semitrailers
13 shall not mean a farm vehicle as defined in KRS 186.050(4) or under another
14 jurisdiction's law as a farm vehicle;

15 (6) "City bus" means any motor vehicle used for the transportation of persons for hire
16 exclusively within the limits of any city or within ten (10) miles of its limits over a
17 regular route and exclusively within the boundaries of this state;

18 (7) "Heavy equipment motor carrier" means any person who operates on the public
19 highways of this state as a "motor carrier" as defined in subsection (5) of this
20 section, except that it shall not include motor vehicles used to transport persons for
21 hire;

22 (8) "Trip permit" means a permit for the operating during a ten (10) consecutive day
23 period of any motor vehicle of any "heavy equipment motor carrier" not licensed
24 under KRS 138.665;

25 (9) "Licensee" means for purposes of KRS 138.660 to 138.7291 any person who has
26 been granted a license as a "motor carrier" or a "heavy equipment motor carrier," or
27 any motor vehicle in which a valid trip permit is carried;

1 (10) "Use" means the consumption of gasoline and special fuels in propelling motor
2 vehicles on the public highways;

3 (11) "Gasoline" has the same meaning as in KRS 138.210;

4 (12) "Special fuels" means and includes all combustible gases and liquids used for the
5 generation of power in an internal combustion engine to propel vehicles of any kind
6 upon the public highways, except that it does not include gasoline;

7 (13) "Quarterly" for the purposes of KRS 138.660 to 138.7291 means a calendar quarter;

8 (14) "Combined licensed weight" shall mean the greater of:

9 (a) The declared combined maximum gross weight of the vehicle and any towed
10 unit for registration purposes for the current registration period; or

11 (b) The highest actual combined gross weight of the vehicle and any towed unit
12 when operated on the public highways of the state during the current
13 registration period.

14 ➔Section 10. KRS 138.675 is amended to read as follows:

15 (1) If a licensee at any time files a false quarterly report of the information required or
16 fails or refuses to file the quarterly report or to pay the full amount of the tax or
17 violates any other provisions of KRS 138.655 to 138.725, inclusive, without a
18 showing that such failure was due to reasonable cause, the cabinet may cancel his
19 license.

20 (2) Upon voluntary surrender of the license certificate or upon receipt of a written
21 request by a licensee, the cabinet may cancel his license, effective sixty (60) days
22 from the date of the request, but no such license shall be canceled upon surrender or
23 request unless the licensee has, prior to the date of cancellation, paid to this state all
24 taxes, penalties, interest and fines that are due or have accrued, and unless the
25 licensee has surrendered to the cabinet his license certificate.

26 (3) If upon investigation the cabinet ascertains that any motor carrier or heavy
27 equipment motor carrier to whom a license has been issued is no longer engaged as

1 such and has not been so engaged for a period of six (6) months, the cabinet may
2 cancel such license by giving the motor carrier or heavy equipment motor carrier
3 sixty (60) days' notice of cancellation mailed to his last known address in which
4 event the license certificate shall be surrendered to the cabinet.

5 (4) Whenever a licensee ceases to engage in business within this state, he shall notify
6 the cabinet in writing within fifteen (15) days after discontinuance. All taxes that
7 have accrued under KRS 138.655 to 138.725, inclusive, whether or not then due,
8 shall become due and payable concurrently with such discontinuance. The licensee
9 shall make a report and pay all such taxes and any interest and penalties thereon,
10 and shall surrender to the cabinet his license certificate.

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

15 ➔Section 11. KRS 138.990 is amended to read as follows:

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

21 (2) Any person who fails to supply the information required by subsection (8) of KRS
22 138.195 shall be guilty of a violation; for each subsequent offense, he shall be guilty
23 of a Class B misdemeanor. These penalties shall be in addition to any civil penalty
24 provided by KRS 138.165, 138.185, and 138.205.

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

- 1 (4) Any person who makes a false entry upon any invoices or any record relating to the
2 purchase, possession, transportation, or sale of cigarettes, and presents any such
3 false entry to the department or any of its agents with the intent to avoid any tax
4 imposed by KRS 138.130 to 138.205, shall be guilty of a Class D felony.
- 5 (5) Any person who shall counterfeit any cigarette tax evidence shall be guilty of a
6 Class D felony.
- 7 (6) Any person who sells, offers to sell, or uses counterfeit cigarette tax evidence,
8 affixed or unaffixed, with the intention of evading any tax imposed by KRS
9 138.130 to 138.205 shall be guilty of a Class D felony.
- 10 (7) Any person who fails to remit gasoline or special fuel tax money to the state as
11 provided in KRS 138.280 is guilty of embezzlement of state funds. Embezzlement
12 of state funds, for the first offense, shall be a Class A misdemeanor, and for the
13 second offense, shall be a Class D felony.
- 14 (8) Any person who violates any of the provisions of KRS 138.300 shall be guilty of a
15 Class A misdemeanor. This penalty shall be in addition to the penalty provided in
16 subsection (7) of this section.
- 17 (9) Any person who violates KRS 138.310 shall be guilty of a Class A misdemeanor.
18 Each day or part of a day of doing business as a dealer without an uncanceled
19 license shall be a separate offense.
- 20 (10) (a) Any person who willfully and fraudulently gives a false statement as to the
21 total and actual consideration paid for a motor vehicle under KRS 138.450
22 shall be guilty of a Class D felony and shall be fined not less than two
23 thousand dollars (\$2,000) per offense.
- 24 (b) Any person who violates any of the other provisions of KRS 138.460 to
25 138.470 shall be fined not less than twenty-five dollars (\$25) nor more than
26 one thousand dollars (\$1,000) and if the offender is an individual, he shall be
27 guilty of a Class A misdemeanor.

1 (11) ~~Any person who violates any of the provisions of KRS 138.480 or 138.490 shall be~~
2 ~~guilty of a Class B misdemeanor.~~

3 ~~(12)~~ If any offender under the provisions of subsections (1) to (9)~~, (11)~~ or (15)~~(16)~~ of
4 this section is a corporation, the principal officer or the officer directly responsible
5 for the violation, or both, may be imprisoned as provided in those subsections.

6 (12)~~(13)~~ Any person who violates any provision of subsection (1) of KRS 138.354,
7 whether or not his permit has been revoked, shall be guilty of a Class A
8 misdemeanor.

9 (13)~~(14)~~ Any person violating any provision of KRS 138.655 to 138.725 is guilty of a
10 Class A misdemeanor.

11 (14)~~(15)~~ In addition to the penalties provided in subsection (13) of this section~~KRS~~
12 ~~138.990(14)~~, the motor vehicle or vehicles of any person violating any provision of
13 KRS 138.720 shall be subject to seizure by any officer duly authorized to enforce
14 the provisions of KRS 138.655 to 138.725.

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

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

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

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

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

24 (1) In addition to the employees referred to in KRS 230.230, the executive director of
25 the racing commission may employ, dismiss, or take other personnel action and
26 determine the reasonable compensation of stewards, supervisors of mutuels,
27 veterinarians, inspectors, accountants, security officers, and other employees

1 deemed by the executive director to be essential at or in connection with any horse
2 race meeting and in the best interest of racing. Three (3) Thoroughbred stewards
3 shall be employed at each Thoroughbred race meeting. Two (2) stewards shall be
4 employed and compensated by the Commonwealth, subject to reimbursement by the
5 racing associations pursuant to subsection (3) of this section. One (1) Thoroughbred
6 steward shall be employed and compensated by the racing association hosting the
7 race meeting. Three (3) standardbred judges shall be employed at each standardbred
8 race meeting. Two (2) standardbred judges shall be employed and compensated by
9 the Commonwealth, subject to reimbursement by the racing associations pursuant to
10 subsection (3) of this section. One (1) standardbred judge shall be employed and
11 compensated by the racing association hosting the race meeting. The security
12 officers shall be peace officers and conservators of the peace on racing commission
13 property and at all race tracks and grounds in the Commonwealth and shall possess
14 all the common law and statutory powers and privileges now available or hereafter
15 made available to sheriffs, constables, and police officers for the purpose of
16 enforcing all laws relating directly or indirectly to the conduct of horse racing and
17 pari-mutuel wagering thereon, or the enforcement of laws relating to the protection
18 of persons or property on premises licensed by the racing commission. The racing
19 commission, for the purpose of maintaining integrity and honesty in racing, shall
20 prescribe by administrative regulation the powers and duties of the persons
21 employed under this section and qualifications necessary to competently perform
22 their duties. In addition, the racing commission shall be responsible for seeing that
23 racing officials employed under the provisions of this section have adequate training
24 to perform their duties in a competent manner.

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

1 horse participating in a race. The racing commission may acquire, operate, and
 2 maintain, or contract for the maintenance and operation of, a testing laboratory and
 3 related facilities, for the purpose of saliva, urine, or other tests, and to purchase
 4 supplies and equipment for and in connection with the laboratory or testing
 5 processes. The expense of the laboratory or other testing processes, whether
 6 furnished by contract or otherwise, together with all supplies and equipment used in
 7 connection therewith, shall be paid by the various associations licensed under this
 8 chapter in the manner and in proportions as the racing commission shall by
 9 administrative regulation provide.

10 (3) The expenses of the commission and the compensation of ~~all~~^{the} employees
 11 referred to in this section shall be paid by the licensee conducting ~~a~~^{the} horse race
 12 meeting or pari-mutuel wagering on live or historic horse racing~~[in connection~~
 13 ~~with which the employees are utilized or employed]~~. The salary of the executive
 14 director to the racing commission shall be prorated among and paid by the various
 15 associations licensed under this chapter in the manner as the racing commission
 16 shall, by administrative regulation, provide. Except for the Thoroughbred steward
 17 and the standardbred judge authorized in subsection (1) of this section, the
 18 employees referred to in this section shall be deemed employees of the racing
 19 commission, and are paid by the licensee or association~~[for convenience only]~~.

20 (4) Each person, as a condition precedent to the privilege of receiving a license under
 21 this chapter to conduct a horse race meeting, shall be deemed to have agreed to pay
 22 expenses and compensation as provided in this section and as may be actually and
 23 reasonably incurred.

24 ➔Section 13. KRS 230.260 is amended to read as follows:

25 The racing commission, in the interest of breeding or the improvement of breeds of
 26 horses, shall have all powers necessary and proper to carry out fully and effectually the
 27 provisions of this chapter including but without limitation the following:

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

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

1 information as the racing commission may, by administrative regulation, require.
2 Fees for all licenses issued under KRS 230.310 shall be prescribed by and paid to
3 the racing commission;

4 (10) The racing commission shall establish by administrative regulation minimum fees
5 for jockeys to be effective in the absence of a contract between an employing owner
6 or trainer and a jockey. The minimum fees shall be no less than those of July 1,
7 1985;

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

17 (12) The racing commission may issue subpoenas for the attendance of witnesses before
18 it and for the production of documents, records, papers, books, supplies, devices,
19 equipment, and all other instrumentalities related to pari-mutuel horse racing within
20 the Commonwealth. The racing commission may administer oaths to witnesses and
21 require witnesses to testify under oath whenever, in the judgment of the racing
22 commission, it is necessary to do so for the effectual discharge of its duties;

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

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

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

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

10 (c) Self-exclusion information collected by each racing association shall be
11 forwarded to the racing commission, and the information from the racing
12 associations shall be compiled into a comprehensive list that shall be
13 provided to all racing associations.

14 (d) Pursuant to KRS 61.878(1)(a), information collected under this subsection
15 shall be excluded from the application of KRS 61.870 to 61.884.

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

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

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

24 ➔Section 14. KRS 230.360 is amended to read as follows:

25 The provisions of this chapter are intended to be statewide and exclusive in their effect
26 and no city, county, or other political subdivision of state government shall have the
27 power or authority to make or enforce any local laws, ordinances, or regulations on the

1 subject of horse race meetings. Any person licensed under KRS 230.300 shall continue to
2 pay, or be responsible for the payment of, all state taxes presently imposed by law,
3 including but without limitation, license taxes imposed under KRS 137.170 to 137.190[,]
4 and ~~[KRS]137.990[together with admission taxes imposed by KRS 138.480]~~, and the
5 pari-mutuel taxes imposed by KRS 138.510 to 138.550, and all state, as well as local, ad
6 valorem taxes; provided, however, no tax shall be imposed by the state or any subdivision
7 thereof upon, or measured by, that portion of the excise tax imposed upon pari-mutuel
8 betting at running and trotting horse race tracks which is collected and retained by the
9 operators thereof under the provisions of KRS 138.510 to 138.550, both inclusive.

10 ➔Section 15. KRS 230.3615 is amended to read as follows:

- 11 (1) The commission, including the tax levied in KRS 138.510, deducted from the gross
12 amount wagered by the association which operates a race track under the
13 jurisdiction of the Kentucky Horse Racing Commission and conducts the
14 Thoroughbred racing at which betting is conducted through a pari-mutuel or other
15 similar system, in races where the patron is required to select one (1) horse, and the
16 breaks, which breaks shall be made and calculated to the penny~~[dime]~~,~~[shall not be~~
17 ~~more than sixteen percent (16%) at the discretion of those tracks averaging over one~~
18 ~~million two hundred thousand dollars (\$1,200,000) in on-track pari-mutuel handle~~
19 ~~per day of live racing conducted by the association. The commission at those tracks~~
20 ~~averaging one million two hundred thousand dollars (\$1,200,000) or less in on-track~~
21 ~~pari-mutuel handle per day of live racing conducted by the association, at the~~
22 ~~discretion of such track,]~~ shall not be more than seventeen and one-half percent
23 (17.5%)~~[in races where the patron is required to select one (1) horse, and the~~
24 ~~breaks, which breaks shall be made and calculated to the dime]~~.
- 25 (2) The commission~~[at those tracks averaging over one million two hundred thousand~~
26 ~~dollars (\$1,200,000) in on-track pari-mutuel handle per day of live racing conducted~~
27 ~~by the association]~~, including the tax levied in KRS 138.510, deducted from the

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

16 (3) The minimum wager to be accepted by any licensed association shall be ten cents
 17 (\$0.10). The minimum pay-off on a one dollar (\$1) wager shall be one dollar and
 18 ten cents (\$1.10); but, in the event of a minus pool, the minimum pay-off for a one
 19 dollar (\$1) wager shall be one dollar and five cents (\$1.05).

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

25 ➔Section 16. KRS 230.378 is amended to read as follows:

26 (1) A receiving track may accept wagers only at the track where it is licensed to
 27 conduct its race meeting or conduct intertrack wagering. A receiving track may

1 accept wagers through a telephone account wagering system. Wagers at a receiving
2 track, simulcast facility, or on telephone account wagering shall form a common
3 pool with wagers at a host track. This common pool requirement shall not apply to
4 wagers made in connection with interstate simulcasting pursuant to KRS 230.3771;
5 however, common pools shall be encouraged.

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

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

17 (4) The deduction for the backside improvement fund, as provided for in KRS
18 230.3615(4) shall not apply to the commission or pari-mutuel tax of a receiving
19 track or telephone account wagering.

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

23 ➔Section 17. KRS 230.380 is amended to read as follows:

24 (1) Any track licensed by the racing commission to conduct horse racing and desiring to
25 establish a simulcast facility shall apply for and may receive approval from the
26 racing commission for each simulcast facility. Prior to considering an application
27 for approval of a simulcast facility, the racing commission shall notify by regular

1 mail, each state senator, state representative, county judge/executive, and mayor in
2 the jurisdiction in which the proposed simulcast facility is located, at least ten (10)
3 days in advance of the racing commission meeting at which the application is to be
4 considered or voted upon. Consideration of an application shall be based on criteria
5 contained in administrative regulations promulgated under KRS 230.300. Approval,
6 if granted, shall be granted for a term of one (1) calendar year.

7 (2) A track or tracks may proceed with the establishment of a simulcast facility unless,
8 within sixty (60) days of the date on which the racing commission approved the
9 facility, the governing body of the local government jurisdiction in which the
10 facility is to be located votes, by simple majority of those voting, to disapprove the
11 establishment of the simulcast facility. For the purposes of this section, "governing
12 body" means, in an incorporated area, the board of aldermen, city council or board
13 of commissioners; in a county, the fiscal court; in an urban-county government, the
14 urban-county council, or in a charter county, the legislative body created in
15 accordance with KRS 67.825 to 67.875.

16 (3) The racing commission shall not approve the establishment of any simulcast facility
17 within a radius of fifty (50) miles of a licensed track. The racing commission may
18 approve the establishment of one (1) simulcast facility within a radius of greater
19 than fifty (50) miles but less than seventy-five (75) miles of a licensed track, but the
20 facility shall not be approved to operate without the prior written consent of the
21 licensed track within whose seventy-five (75) mile radius the facility is located.

22 (4) The racing commission may promulgate administrative regulations as it deems
23 appropriate to protect the integrity of pari-mutuel wagering at any simulcast facility.

24 (5) Licensed tracks conducting horse racing may enter into joint agreements to establish
25 or operate one (1) or more simulcast facilities, on terms and conditions as the
26 participating tracks may determine. Any agreements respecting these arrangements
27 shall be filed with the racing commission, and applications for simulcast facilities

1 shall be filed by and licenses may be issued to, these licensed tracks by the racing
2 commission.

3 (6) A simulcast facility may be established and operated on property that is owned or
4 leased and which is not used solely for the operation of a simulcast facility;
5 provided however, that a simulcast facility may not be established on the premises
6 of a lottery vendor.

7 (7) A simulcast facility shall not be subject to and shall not pay any excise tax imposed
8 pursuant to KRS 138.510, or any license tax imposed under KRS 137.170~~, or any~~
9 ~~admission tax imposed under KRS 138.480~~.

10 (8) One percent (1%) of all moneys wagered at a simulcast facility shall be dedicated
11 for local economic development and shall be allocated as follows:

12 (a) If a simulcast facility is located in an incorporated area, seventy-five percent
13 (75%) shall be allocated to the governing body of the city in which the facility
14 is located, and twenty-five percent (25%) to the governing body of the county
15 in which the facility is located.

16 (b) If a simulcast facility is located in an unincorporated area, all moneys shall be
17 allocated to the governing body of the county or charter county in which the
18 facility is located.

19 (9) (a) After the deduction of moneys under subsection (8), simulcast facility shall
20 deduct a commission allowed under KRS 230.3615 with respect to all wagers
21 made at the simulcast facility. The commission, less moneys allocated in
22 subsection (8) of this section, shall be split as follows:

- 23 1. Thirty percent (30%) shall be allocated to the host track;
- 24 2. Forty-six and one-half percent (46.5%) to the purse program at the host
25 track;
- 26 3. Thirteen and one-half percent (13.5%) to be retained by the track or
27 tracks owning the simulcast facility for the purpose of application to

- 1 expenses incurred in connection therewith;
- 2 4. Six percent (6%) to be allocated to the Kentucky Thoroughbred Owners
3 and Breeders, Inc., to be expended as follows:
- 4 a. Up to three percent (3%) for capital improvements and promotion
5 of off-track betting; and
- 6 b. The remainder for marketing and promoting the Kentucky
7 Thoroughbred industry; and
- 8 5. Four percent (4%) to be allocated to the racing commission to be used
9 for purses at county fairs in Kentucky licensed and approved by the
10 racing commission, and for the standardbred sires stakes program
11 established under KRS 230.770.
- 12 (b) The commission of a simulcast facility derived from interstate wagering shall
13 be reduced by any amounts required to be paid by contract to the host track or
14 track conducting the live race before it is divided as set forth in this section.
15 No simulcast facility may receive any interstate simulcast except with the
16 approval of the live Kentucky host track.
- 17 (c) The Kentucky Thoroughbred Owners and Breeders, Inc., shall annually report
18 to the racing commission on all money expended in accordance with
19 subsection (9)(a)4. of this section. The report shall be in the form required,
20 and provide all information required by the racing commission.
- 21 (10) Subsections (1) and (2) of this section shall also apply to the establishment by a
22 track of a noncontiguous facility in a county in which pari-mutuel racing and
23 wagering is not being conducted. Subsection (8) of this section shall also apply to a
24 noncontiguous race track facility referenced in this subsection, unless there is a
25 written agreement to the contrary between the track establishing the facility and the
26 governing body of the local government jurisdiction in which the facility is to be
27 established.

1 ➔Section 18. KRS 230.400 is amended to read as follows:

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

14 (2) There is hereby established, under the general jurisdiction of the Kentucky Horse
15 Racing Commission, a Kentucky Thoroughbred Development Fund Advisory
16 Committee. The advisory committee shall consist of five (5) members, all of whom
17 shall be residents of Kentucky, to be appointed by the chairman of the Kentucky
18 Horse Racing Commission by July 1 of each year. The committee shall consist of
19 two (2) Thoroughbred breeders recommended by the Kentucky Thoroughbred
20 Owners and Breeders, Inc.; one (1) Thoroughbred owner recommended by the
21 Kentucky division of the Horsemen's Benevolent and Protective Association; one
22 (1) officer or director of a licensed association conducting Thoroughbred racing in
23 Kentucky, recommended by action of all of the licensed associations conducting
24 Thoroughbred racing in Kentucky; and one (1) member of the Kentucky Horse
25 Racing Commission. If any member other than the racing commission member has
26 not been recommended for appointment by July 1 of each year, the chairman of the
27 Kentucky Horse Racing Commission shall make an appointment for the

1 organization or organizations failing to recommend a member of the committee.
2 The members of the advisory committee shall serve without compensation, but shall
3 be entitled to reimbursement for all expenses incurred in the discharge of official
4 business. The advisory committee shall select from its membership annually a
5 chairman and a vice chairman.

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

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

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

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

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

27 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a

1 Kentucky-bred Thoroughbred for purposes of this section if the horse was
2 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud
3 within Kentucky at the time of conception of such Thoroughbred, provided
4 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with
5 the official registrar of the Kentucky Thoroughbred development fund.

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

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

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

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

18 ➔Section 19. KRS 230.550 is amended to read as follows:

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

25 (2) There is hereby created a trust and revolving fund for~~the~~ equine industry
26 programs~~[Program]~~ at the University of Louisville, the University of Kentucky,
27 and the Bluegrass Community and Technical College, consisting of money

1 allocated to the fund together with money as may be contributed to the fund from all
2 other sources. Money to the credit of the ~~Equine Industry Program~~ fund at the end
3 of each fiscal year shall not lapse but shall be carried forward to the succeeding
4 fiscal year. ~~Money from the Equine Industry Program fund shall be administered by~~
5 ~~the University of Louisville and shall be allocated for the funding of the Equine~~
6 ~~Industry Program.~~

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

12 ➔Section 20. KRS 230.750 is amended to read as follows:

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

1 the pari-mutuel tax but prior to any other deduction, allocation or division of the
2 commission.

3 ➔Section 21. KRS 230.770 is amended to read as follows:

4 (1) There is hereby created a trust and revolving fund for the Kentucky Horse Racing
5 Commission, designated as the Kentucky standardbred development fund,
6 consisting of money allocated to the fund under the provisions of KRS 138.510,
7 together with any other money contributed to or allocated to the fund from all other
8 sources. For the purposes of this section, "development fund" or "fund" means the
9 Kentucky standardbred development fund. Money to the credit of the development
10 fund shall be distributed by the Treasurer for the purposes provided in this section,
11 upon authorization of the Kentucky Horse Racing Commission and upon approval
12 of the secretary of the Finance and Administration Cabinet. Money to the credit of
13 the fund at the end of each fiscal year shall not lapse but shall be carried forward in
14 the fund to the succeeding fiscal year.

15 (2) The Kentucky Horse Racing Commission shall use the development fund to
16 promote races, and to provide purses for races, for Kentucky-bred standardbred
17 horses.

18 (3) The racing commission shall provide for distribution of money to the credit of the
19 development fund to persons, corporations, or associations operating licensed
20 standardbred race tracks within Kentucky on an equitable basis, for the purpose of
21 conducting separate races for Kentucky-bred standardbred horses, both trotting and
22 pacing.

23 (4) Money distributed from the development fund to licensed standardbred race tracks
24 within the Commonwealth shall be used exclusively to promote races and provide
25 purses for races conditioned to admit~~only~~ Kentucky-bred standardbred horses.

26 (5) The Kentucky Horse Racing Commission shall fix the amount of money to be paid
27 from the development fund to be added to the purse provided for each race by the

1 licensed operator of the track; shall fix the dates and conditions of races to be held
2 by licensed race tracks; and shall promulgate administrative regulations necessary to
3 carry out the provisions of this section.

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

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

25 ➔Section 22. KRS 230.781 is amended to read as follows:

26 Except as otherwise provided in KRS 230.779(7), the operator of a hub shall not be
27 subject to any fee or tax imposed on racetracks or simulcast facilities under KRS

1 137.170,~~138.480,~~ 138.510, or Chapter 230 for the hub operator's wagering and
2 simulcast operations established under KRS 230.775 to 230.785.

3 ➔Section 23. KRS 230.783 is amended to read as follows:

- 4 (1) Any wager that is made for an account maintained with the hub operator shall be
5 considered to have been made in the Commonwealth of Kentucky.
- 6 (2) Account holders may communicate instructions concerning account wagers to the
7 hub only by telephonic or other electronic means.
- 8 (3) None of the following wagers shall be processed through a hub:
- 9 (a) A wager on live racing accepted by a track;
- 10 (b) A telephone account wager accepted by a track;
- 11 (c) An intertrack wager accepted by a receiving track or simulcast facility; or
- 12 (d) An interstate wager accepted by a receiving track or simulcast facility.
- 13 (4) Any hub that processes any of the wagers delineated in subsection (3) of this section
14 from a track, receiving track, or simulcast facility shall be subject to revocation of
15 its hub license.
- 16 (5) Except as provided in KRS 230.752, nothing in KRS 230.775 to 230.785 shall
17 exempt racetracks or simulcast facilities from any taxes imposed under KRS
18 137.170,~~138.480,~~ 138.510, or Chapter 230.

19 ➔Section 24. The following KRS sections are repealed:

- 20 138.480 State tax on race track admissions.
- 21 138.490 Report and payment of tax -- Civil penalty.
- 22 230.555 Equine Industry Advisory Commission.