

1 AN ACT relating to sports 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 ***The racing commission shall institute a system of sports wagering in conformance with***
6 ***the provisions of this chapter and administrative regulations promulgated under the***
7 ***authority of this chapter.***

8 ➔Section 2. KRS 230.210 is amended to read as follows:

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

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

1 (a) Any interscholastic athletics contest in which the participating athletes are
2 elementary or secondary school students of any public or private institution
3 of learning; or

4 (b) Any athletic event sponsored or regulated by any of the following amateur
5 athletic associations:

6 1. Kentucky High School Athletic Association;

7 2. Kentucky Amateur Athletic Union;

8 3. Bluegrass State Games;

9 4. Little League Baseball;

10 5. Amateur Softball Association;

11 6. Babe Ruth League of Kentucky;

12 7. American Legion Baseball;

13 8. Kentucky Youth Soccer Association; or

14 9. Kentucky Special Olympics;

15 (7) "Harness race" or "harness racing" means trotting and pacing races of the
16 standardbred horses;

17 (8)~~(7)~~ "Horse race meeting" means horse racing run at an association licensed and
18 regulated by the Kentucky Horse Racing Commission, and may include
19 Thoroughbred, harness, Appaloosa, Arabian, paint, and quarter horse racing;

20 (9)~~(8)~~ "Host track" means the track conducting racing and offering its racing for
21 intertrack wagering, or, in the case of interstate wagering, means the Kentucky track
22 conducting racing and offering simulcasts of races conducted in other states or
23 foreign countries;

24 (10)~~(9)~~ "Intertrack wagering" means pari-mutuel wagering on simulcast horse races
25 from a host track by patrons at a receiving track;

26 (11)~~(10)~~ "Interstate wagering" means pari-mutuel wagering on simulcast horse races
27 from a track located in another state or foreign country by patrons at a receiving

1 track or simulcast facility;

2 ~~(12)~~~~(11)~~ "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund"
3 means a purse fund established to receive funds as specified in KRS 230.3771 for
4 purse programs established in KRS 230.446 to supplement purses for quarter horse,
5 paint horse, Appaloosa, and Arabian horse races. The purse program shall be
6 administered by the Kentucky Horse Racing Commission;

7 ~~(13)~~~~(12)~~ "Kentucky resident" means:

8 (a) An individual domiciled within this state;

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

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

15 **(14) "Net sports wagering receipts" means the total amount of money wagered on**
16 **sports contests less the total amount paid out as winnings to players;**

17 ~~(15)~~~~(13)~~ "Paint horse" means a horse registered with the American Paint Horse
18 Association of Fort Worth, Texas;

19 ~~(16)~~~~(14)~~ "Principal" means any of the following individuals associated with a
20 partnership, trust, association, limited liability company, or corporation that is
21 licensed to conduct a horse race meeting or an applicant for a license to conduct a
22 horse race meeting:

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

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

26 (c) All trustees and trust beneficiaries of an association;

27 (d) The president or chief executive officer and all other officers, managers, and

1 employees who have policy-making or fiduciary responsibility within the
2 organization;

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

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

9 ~~(17)~~~~(15)~~ "Quarter horse" means a horse that is registered with the American Quarter
10 Horse Association of Amarillo, Texas;

11 ~~(18)~~~~(16)~~ "Racing commission" means the Kentucky Horse Racing Commission;

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

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

21 ~~(21)~~~~(19)~~ "Simulcasting" means the telecast of live audio and visual signals of horse
22 races for the purpose of pari-mutuel wagering;

23 **(22) "Sports wagering" means the placing of wagers on the outcomes of all sports**
24 **contests, except an exempt sports contest, at sports wagering facilities authorized**
25 **under this chapter;**

26 **(23) "Sports wagering facility" means a horse racing track or off-track wagering**
27 **facility licensed under this chapter which has been licensed by the racing**

1 **commission to conduct sports wagering:**

2 ~~(24)~~~~(20)~~ "Telephone account wagering" means a form of pari-mutuel wagering where
 3 an individual may deposit money in an account at a track and may place a wager by
 4 direct telephone call or by communication through other electronic media owned by
 5 the holder of the account to the track;

6 ~~(25)~~~~(21)~~ "Thoroughbred race" or "Thoroughbred racing" means a form of horse racing
 7 in which each horse participating in the race is a Thoroughbred, (i.e., meeting the
 8 requirements of and registered with The Jockey Club of New York) and is mounted
 9 by a jockey; and

10 ~~(26)~~~~(22)~~ "Track" means any association duly licensed by the Kentucky Horse Racing
 11 Commission to conduct horse racing. "Track" shall include any facility or real
 12 property that is owned, leased, or purchased by a track within the same geographic
 13 area within a sixty (60) mile radius of a track but not contiguous to track premises,
 14 upon racing commission approval, and provided the noncontiguous property is not
 15 within a sixty (60) mile radius of another licensed track premise where live racing is
 16 conducted and not within a forty (40) mile radius of a simulcast facility, unless any
 17 affected track or simulcast facility agrees in writing to permit a noncontiguous
 18 facility within the protected geographic area.

19 ➔Section 3. KRS 230.215 is amended to read as follows:

20 (1) It is the policy of the Commonwealth of Kentucky, in furtherance of its
 21 responsibility to foster and to encourage legitimate occupations and industries in the
 22 Commonwealth and to promote and to conserve the public health, safety, and
 23 welfare, and it is hereby declared the intent of the Commonwealth to foster and to
 24 encourage:

25 (a) The horse breeding industry within the Commonwealth and to encourage the
 26 improvement of the breeds of horses; ~~Further, it is the policy and intent of~~
 27 ~~the Commonwealth to foster and to encourage }~~

1 **(b)** The business of legitimate horse racing with pari-mutuel wagering thereon in
 2 the Commonwealth on the highest possible plane; **and**

3 **(c)** **The conduct of wagering on sporting events, in the interest of promoting**
 4 **tourism, increasing entertainment opportunities within the state, and**
 5 **effectively controlling a gaming opportunity.**

6 **(2)** Further, it hereby is declared the policy and intent of the Commonwealth that:

7 **(a)** All racing not licensed under this chapter is a public nuisance and may be
 8 enjoined as such; ~~Further, it is hereby declared the policy and intent of the~~
 9 ~~Commonwealth that~~ **and**

10 **(b)** The conduct of horse racing, or the participation in any way in horse racing, or
 11 the entrance to or presence where horse racing is conducted, is a privilege and
 12 not a personal right; and that this privilege may be granted or denied by the
 13 racing commission or its duly approved representatives acting in its behalf.

14 **(3)**~~(2)~~ It is hereby declared the purpose and intent of this chapter in the interest of the
 15 public health, safety, and welfare, to vest in the racing commission forceful control
 16 of:

17 **(a)** Horse racing in the Commonwealth with plenary power to:

18 **1.** Promulgate administrative regulations prescribing conditions under
 19 which all legitimate horse racing and wagering thereon is conducted in
 20 the Commonwealth so as to encourage the improvement of the breeds of
 21 horses in the Commonwealth; ~~to~~

22 **2.** Regulate and maintain horse racing at horse race meetings in the
 23 Commonwealth of the highest quality and free of any corrupt,
 24 incompetent, dishonest, or unprincipled horse racing practices; ~~and~~
 25 †

26 **3.** Regulate and maintain horse racing at race meetings in the
 27 Commonwealth so as to dissipate any cloud of association with the

1 undesirable and maintain the appearance as well as the fact of complete
2 honesty and integrity of horse racing in the Commonwealth; and

3 **(b) Sports wagering in the Commonwealth with plenary power to:**

4 **1. Promulgate administrative regulations prescribing conditions under**
5 **which all legitimate sports wagering is conducted in the**
6 **Commonwealth;**

7 **2. Regulate and maintain sports wagering at licensed horse race tracks**
8 **and off-track betting facilities in the Commonwealth of the highest**
9 **quality and free from any corrupt, incompetent, dishonest, or**
10 **unprincipled practices; and**

11 **3. Regulate and maintain sports wagering in the Commonwealth so as to**
12 **dissipate any cloud of association with the undesirable and maintain**
13 **the appearance as well as the fact of complete honesty and integrity.**

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

20 ➔Section 4. KRS 230.225 is amended to read as follows:

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

26 (2) (a) The Kentucky Horse Racing Commission shall consist of fifteen (15)
27 members appointed by the Governor, with the secretaries of the Public

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

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

1 Kentucky's economy, improving research for the purpose of promoting the
2 enhanced health and welfare of the horse, and other related industry issues;†
3 and‡

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

6 (f) Developing programs and procedures that will aggressively fulfill its
7 oversight and regulatory role on sports wagering to ensure that undue
8 influence is not brought to bear on the outcome of any athletic event due to
9 wagers placed upon the event.

10 →Section 5. KRS 230.240 is amended to read as follows:

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

18 (b) Three (3) Thoroughbred stewards shall be employed at each Thoroughbred
19 race meeting.

20 (c) Two (2) stewards shall be employed and compensated by the Commonwealth,
21 subject to reimbursement by the racing associations pursuant to subsection (3)
22 of this section.

23 (d) One (1) Thoroughbred steward shall be employed and compensated by the
24 racing association hosting the race meeting.

25 (e) Three (3) standardbred judges shall be employed at each standardbred race
26 meeting.

27 (f) Two (2) standardbred judges shall be employed and compensated by the

1 Commonwealth, subject to reimbursement by the racing associations pursuant
2 to subsection (3) of this section.

3 **(g)** One (1) standardbred judge shall be employed and compensated by the racing
4 association hosting the race meeting.

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

13 **(i)** The racing commission, for the purpose of maintaining integrity and honesty
14 in racing **and sports wagering**, shall prescribe by administrative regulation the
15 powers and duties of the persons employed under this section and
16 qualifications necessary to competently perform their duties. In addition, the
17 racing commission shall be responsible for seeing that racing officials
18 employed under the provisions of this section have adequate training to
19 perform their duties in a competent manner.

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

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

1 therefrom or any part thereof, any person, licensed or unlicensed, whose conduct or
2 reputation is such that his presence on association grounds may, in the opinion of
3 the racing commission, reflect on the honesty and integrity of horse racing or sports
4 wagering, interfere with the orderly conduct of horse racing, sports wagering, or
5 racing at horse race meetings; provided, however, no persons shall be excluded or
6 ejected from association grounds solely on the ground of race, color, creed, national
7 origin, ancestry, or sex;

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

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

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

18 1. The amount wagered on Kentucky races;~~and~~

19 2. The amount wagered on sporting events other than horse races; and

20 3. The total amount wagered by Kentuckians;

21 (3) The racing commission is vested with jurisdiction over any totalisator company that
22 provides totalisator services to a racing association located in the Commonwealth.
23 A totalisator company under the jurisdiction of the racing commission shall be
24 licensed by the racing commission, regardless of whether a totalisator company is
25 located in the Commonwealth or operates from a location or locations outside of the
26 Commonwealth, and the racing commission may impose a license fee on a
27 totalisator company. The racing commission shall, by administrative regulation

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

1 Fees for all licenses for participants in horse racing issued under KRS 230.310
2 shall be prescribed by and paid to the racing commission;

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

7 (11) The racing commission may:

8 (a) Refuse to issue or renew a license;[;]

9 (b) Revoke or suspend a license;[;]

10 (c) Impose probationary conditions on a license;[;]

11 (d) Issue a written reprimand or admonishment;[;]

12 (e) Impose fines or penalties;[;]

13 (f) Deny purse money;[;]

14 (g) Require the forfeiture of purse money;[;] or

15 (h) Any combination thereof;

16 With regard to a licensee or other person participating in Kentucky horse racing or
17 sports wagering for violation of any federal or state statute, regulation, or steward's
18 or racing commission's directive, ruling, or order to preserve the integrity of
19 Kentucky horse racing or sports wagering, or to protect the[~~racing~~] public. The
20 racing commission shall, by administrative regulation, establish the criteria for
21 taking the actions described in this subsection;

22 (12) The racing commission may issue subpoenas for the attendance of witnesses before
23 it and for the production of documents, records, papers, books, supplies, devices,
24 equipment, and all other instrumentalities related to pari-mutuel horse racing or
25 sports wagering within the Commonwealth. The racing commission may
26 administer oaths to witnesses and require witnesses to testify under oath whenever,
27 in the judgment of the racing commission, it is necessary to do so for the effectual

1 discharge of its duties;

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

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

10 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
11 READ AS FOLLOWS:

12 (1) Due to the licensing requirements placed upon horse racing associations in the
13 Commonwealth and the stringent oversight of the horse racing industry provided
14 by the racing commission, it is the intent of this chapter to permit the licensing of
15 sports wagering at associations licensed to conduct horse racing, or at licensed
16 simulcast facilities.

17 (2) A separate license shall be required for each facility seeking to conduct sports
18 wagering.

19 (3) To be eligible for a license to conduct sports wagering, a track shall:

20 (a) Apply on forms prescribed by the racing commission; and

21 (b) Pay an initial license fee of two hundred fifty thousand dollars (\$250,000).

22 (4) Sports wagering licenses shall be renewed annually for a fee of twenty-five
23 thousand dollars (\$25,000).

24 (5) A license to conduct sports wagering by an association licensed to conduct horse
25 racing under this chapter may be denied, rescinded, suspended, revoked, or not
26 renewed if the applicant track:

27 (a) Does not meet, or ceases to meet, the requirements for issuance of a racing

- 1 license issued under this chapter;
- 2 (b) Fails to run at least as many live races for the same primary breed as were
- 3 run in calendar year 2017; or
- 4 (c) Has engaged in an activity that is a violation of a provision of this chapter
- 5 or an administrative regulation promulgated under this chapter, the nature
- 6 of which would render the licensee unsuitable to continue as a licensed
- 7 sports wagering provider.
- 8 (6) An association shall be deemed to have met the requirements of subsection (5)(b)
- 9 of this section if the association is prevented from running a live race or races by
- 10 reason of:
- 11 (a) Flood;
- 12 (b) Fire;
- 13 (c) Inclement weather or natural disaster; or
- 14 (d) Emergencies for other reasons beyond the control of the association.
- 15 (7) Licensing fees paid under this section shall be divided equally with:
- 16 (a) Fifty percent (50%) being retained by the racing commission to offset the
- 17 cost of oversight of sports wagering; and
- 18 (b) Fifty percent (50%) being allocated to the sports wagering distribution trust
- 19 fund established in Section 10 of this Act.

20 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO

21 READ AS FOLLOWS:

- 22 (1) The racing commission shall promulgate administrative regulations prescribing
- 23 the manner in which sports wagering shall be conducted at sports wagering
- 24 facilities.
- 25 (2) Administrative regulations relating to sports wagering promulgated by the racing
- 26 commission shall include but not be limited to:
- 27 (a) Standards and procedures for sports wagering, including any new sports

- 1 wagering or variations or composites of approved sports wagering;
- 2 (b) Standards and rules to govern the conduct of sports wagering and the
- 3 system of wagering, including the manner in which wagers are received,
- 4 payouts are remitted, and point spreads, lines, and odds are determined;
- 5 (c) The method for calculating sports wagering revenue and standards for the
- 6 daily accounting and recording of cash and cash equivalents received in the
- 7 conduct of sports wagering, to include:
- 8 1. Methods of internal financial controls;
- 9 2. How financial records are to be maintained; and
- 10 3. Audit procedures and frequencies;
- 11 (d) Notice requirements for minimum and maximum wagers on sports
- 12 wagering;
- 13 (e) Compulsive and problem gambling standards pertaining to sports wagering;
- 14 (f) Standards prohibiting persons under the age of eighteen (18) from
- 15 participating in sports wagering;
- 16 (g) Limitations on locations for sports wagering facilities; and
- 17 (h) Security requirements.
- 18 (3) A track may only conduct sports wagering if sports wagering at the track has
- 19 been approved by the horse owner's group representing the breed run in the
- 20 majority of races at the track. The horse owner's groups shall include:
- 21 (a) For Thoroughbred racing, the Kentucky Thoroughbred Owners and
- 22 Breeders, Inc., and the Kentucky Division of the Horsemen's Benevolent
- 23 and Protective Association; and
- 24 (b) For harness racing, the Kentucky Harness Horsemen's Association.
- 25 (4) No person shall be permitted to place a wager on a game or event in which that
- 26 person is a participant. For the purpose of this subsection, a participant shall
- 27 include:

- 1 (a) *Players;*
2 (b) *Coaches;*
3 (c) *Referees or other officials involved in enforcing the rules of the game; and*
4 (d) *Owners or shareholders of professional sports teams who might have*
5 *influence over players and coaches through the ability to hire or fire.*

6 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
7 READ AS FOLLOWS:

8 (1) *As used in this section:*

- 9 (a) *"Department" means the Department of Revenue;*
10 (b) *"Net sports wagering receipts" has the same meaning as in Section 2 of this*
11 *Act;*
12 (c) *"Racing commission" means the Kentucky Horse Racing Commission;*
13 (d) *"Sports wagering" has the same meaning as in Section 2 of this Act; and*
14 (e) *"Sports wagering facility" has the same meaning as in Section 2 of this Act.*

15 (2) *An excise tax is hereby imposed on all sports wagering facilities at the rate of*
16 *three percent (3%) of the total amount wagered.*

17 (3) *The tax revenues shall be deposited in the sports wagering distribution trust fund*
18 *created in Section 10 of this Act.*

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

22 (5) (a) *Payment shall be accompanied by a return that the department shall*
23 *prescribe.*

24 (b) *The return shall report, at a minimum:*

- 25 1. *The total number of bets placed on sports contests;*
26 2. *The total amount of money wagered on sports contests;*
27 3. *Prizes paid;*

1 4. Net sports wagering receipts; and

2 5. Sports wagering tax due.

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

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

11 (8) The racing commission may suspend, revoke, or decline to renew a license upon
12 the licensee's failure to timely submit payment of sports wagering tax due under
13 this section or the administrative regulations promulgated by the department with
14 respect thereto.

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

17 (1) There is hereby established in the State Treasury the sports wagering distribution
18 trust fund. The fund shall consist of moneys received from the license fees
19 imposed in Section 7 of this Act, the sports wagering tax imposed in Section 9 of
20 this Act, and any other proceeds from grants, contributions, appropriations, or
21 other moneys made available for the purposes of the fund.

22 (2) The fund shall be administered by the racing commission.

23 (3) Amounts deposited in the fund shall only be used for the following purposes:

24 (a) Sixty percent (60%) shall be distributed to the Kentucky Employees
25 Retirement System nonhazardous retirement fund and the Kentucky
26 Teachers' Retirement System pension fund in amounts proportional to the
27 number of participants in those funds;

1 **(b) Thirty percent (30%) shall be distributed to the Kentucky educational**
2 **excellence scholarship trust fund established in KRS 164.7877; and**

3 **(c) Ten percent (10%) shall be distributed to the Kentucky Thoroughbred**
4 **development fund established in KRS 230.400 and the Kentucky**
5 **standardbred development fund established in KRS 230.770 in an amount**
6 **proportional to the number of racing days each breed runs during a racing**
7 **year in Kentucky.**

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

10 **(5) Any interest earnings of the fund shall become a part of the fund and shall not**
11 **lapse.**

12 **(6) All moneys held in the fund shall be invested by the racing commission in**
13 **accordance with the racing commission's investment practices, and all earnings**
14 **from the investments shall accrue to the benefit of the fund and the**
15 **Commonwealth.**

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

19 ➔Section 11. KRS 230.320 is amended to read as follows:

20 (1) **(a)** Every license granted under this chapter is subject to denial, revocation, or
21 suspension **by the racing commission.**~~[, and]~~

22 **(b)** Every licensee or other person participating in Kentucky horse racing may be
23 assessed an administrative fine and required to forfeit or return a purse, by the
24 racing commission in any case where it has reason to believe that any
25 provision of this chapter, administrative regulation, or condition of the racing
26 commission affecting it has not been complied with or has been broken or
27 violated.

- 1 (c) The racing commission may deny, revoke, or suspend a license for failure by
2 the licensee or other person participating in Kentucky horse racing or sports
3 wagering to pay an administrative fine imposed upon the licensee by the
4 stewards or the racing commission.
- 5 (d) The racing commission, in the interest of honesty and integrity of horse
6 racing, may promulgate administrative regulations under which any license
7 may be denied, suspended, or revoked, and under which any licensee or other
8 person participating in Kentucky horse racing or sports wagering may be
9 assessed an administrative fine or required to forfeit or return a purse.
- 10 (2) (a) Following a hearing by the stewards, a person who has been disciplined by a
11 ruling of the stewards may apply to the racing commission for a stay of the
12 ruling, pending action on an appeal by the racing commission.
- 13 (b) An application for a stay shall be received by the executive director or his
14 designee within ten (10) calendar days of the issuance of the stewards' ruling.
- 15 (c) An application for a stay shall be in writing and include the following:
- 16 1. The name, address, telephone number, and signature of the person
17 requesting the stay;
- 18 2. A statement of the justification for the stay; and
- 19 3. The period of time for which the stay is requested.
- 20 (d) On a finding of good cause, the executive director or his designee may grant
21 the stay. The executive director or his designee shall issue a written decision
22 granting or denying the request for stay within five (5) calendar days from the
23 time the application for stay is received by the executive director or his
24 designee. If the executive director or his designee fails to timely issue a
25 written decision, then the stay is deemed granted. The executive director or his
26 designee may rescind a stay granted under this subsection for good cause.
- 27 (e) A person who is denied a stay by the executive director or his designee, or has

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

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

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

21 (3) If any license is denied, suspended, or revoked, or if any licensee or other person
22 participating in Kentucky horse racing or sports wagering is assessed an
23 administrative fine or required to forfeit or return a purse, after a hearing by the
24 stewards or by the racing commission acting on a complaint or by its own volition,
25 the racing commission shall grant the applicant, licensee, or other person the right
26 to appeal the decision, and upon appeal, an administrative hearing shall be
27 conducted in accordance with KRS Chapter 13B.

- 1 (4) The racing commission may at any time order that any case pending before the
2 stewards be immediately transferred to the racing commission for an administrative
3 hearing conducted in accordance with KRS Chapter 13B.
- 4 (5) (a) In an administrative appeal to the racing commission by a licensee or other
5 person participating in Kentucky horse racing or sports wagering, the racing
6 commission may determine in its final order that the appeal is frivolous. If the
7 racing commission finds that an appeal is frivolous:
- 8 1. This fact shall be considered an aggravating circumstance and may be
9 considered in assessing any penalty against the licensee; and
 - 10 2. The licensee or other person who raised the appeal may be required to
11 reimburse the racing commission for the cost of the investigation of the
12 underlying circumstances of the case and the cost of the adjudication of
13 the appeal. Costs may include but are not limited to fees paid to a
14 hearing officer or court reporter, attorneys fees, and laboratory expenses.
- 15 (b) The racing commission shall by administrative regulation prescribe the
16 conditions or factors by which an appeal may be determined to be frivolous.
- 17 (6) Any administrative action authorized in this chapter shall be in addition to any
18 criminal penalties provided in this chapter or under other provisions of law.
- 19 ➔Section 12. KRS 230.360 is amended to read as follows:
- 20 (1) The provisions of this chapter are intended to be statewide and exclusive in their
21 effect and no city, county, or other political subdivision of state government shall
22 have the power or authority to make or enforce any local laws, ordinances, or
23 regulations on the subject of horse race meetings or sports wagering.
- 24 (2) Any person licensed under KRS 230.300 shall continue to pay, or be responsible for
25 the payment of, all state taxes presently imposed by law, including but without
26 limitation, license taxes imposed under KRS 137.170 to 137.190, and KRS 137.990
27 together with admission taxes imposed by KRS 138.480, and the pari-mutuel taxes

1 imposed by KRS 138.510 to 138.550, and all state, as well as local, ad valorem
2 taxes; provided, however, no tax shall be imposed by the state or any subdivision
3 thereof upon, or measured by, that portion of the excise tax imposed upon pari-
4 mutuel betting at running and trotting horse race tracks which is collected and
5 retained by the operators thereof under the provisions of KRS 138.510 to 138.550,
6 both inclusive.

7 ➔Section 13. KRS 230.990 is amended to read as follows:

- 8 (1) Any person who violates KRS 230.070 or KRS 230.080(3) shall be guilty of a Class
9 D felony.
- 10 (2) Any person who violates KRS 230.090 shall be guilty of a Class A misdemeanor.
- 11 (3) Any person who violates KRS 230.680 shall be guilty of a Class A misdemeanor.
- 12 (4) Any person who refuses to make any report or to turn over sums as required by
13 KRS 230.361 to 230.373 shall be guilty of a Class A misdemeanor.
- 14 (5) Any person failing to appear before the racing commission at the time and place
15 specified in the summons issued pursuant to KRS 230.260(12), or refusing to
16 testify, shall be guilty of a Class B misdemeanor. False swearing on the part of any
17 witness shall be deemed perjury and punished as such.
- 18 (6) (a) A person is guilty of tampering with or interfering with a horse race when,
19 with the intent to influence the outcome of a horse race, he uses any device,
20 material, or substance not approved by the Kentucky Horse Racing
21 Commission on or in any participant involved in or eligible to compete in a
22 horse race to be viewed by the public.
- 23 (b) Any person who, while outside the Commonwealth and with intent to
24 influence the outcome of a horse race contested within the Commonwealth,
25 tampers with or interferes with any equine participant involved in or eligible
26 to compete in a horse race in the Commonwealth is guilty of tampering with
27 or interfering with a horse race.

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

2 **(7) (a) A person is guilty of tampering with the outcome of a sporting event when**
 3 **the person interacts with a player, coach, referee, or other participant with**
 4 **the intent to persuade the participant to act in a way that would bias the**
 5 **outcome of the sporting event.**

6 **(b) Tampering with the outcome of a sporting event is a Class C felony.**

7 **(8) Any person who wagers on a sporting event in which that person is a participant**
 8 **in violation of Section 8 of this Act shall be guilty of a Class C felony.**

9 ➔Section 14. KRS 243.500 is amended to read as follows:

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

11 (1) Conviction of the licensee or the licensee's agent, servant, or employee for selling
 12 any illegal alcoholic beverages on the licensed premises.

13 (2) Making any false, material statements in an application or renewal application for a
 14 license or supplemental license.

15 (3) Conviction of the licensee or any of the licensee's agents, servants, or employees of:

16 (a) Two (2) violations of the terms and provisions of KRS Chapters 241 to 244,
 17 or any act regulating the manufacture, sale, and transportation of alcoholic
 18 beverages within two (2) consecutive years;

19 (b) Two (2) misdemeanors directly or indirectly attributable to the use of
 20 alcoholic beverages within two (2) consecutive years; or

21 (c) Any felony.

22 (4) Failure or default of a licensee to pay an excise tax or any part of the tax or any
 23 penalties imposed by or under the provisions of any statutes, ordinances, or Acts of
 24 Congress relative to taxation, or for a violation of any related administrative
 25 regulations promulgated by the Department of Revenue.

26 (5) Revocation of any license or permit provided in KRS 243.060, 243.070, 243.600,
 27 and 243.610, or granted under any Act of Congress relative to the regulation of the

1 manufacture, sale, and transportation of alcoholic beverages.

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

7 This subsection shall not apply to:

8 (a) The sale of lottery tickets sold under the provisions of KRS Chapter 154A;

9 (b) The operation of a pari-mutuel or sports wagering system for betting, where
10 authorized by law;

11 (c) The conduct of charitable gaming by a charitable organization licensed or
12 permitted under KRS Chapter 238; or

13 (d) Special temporary raffles of alcoholic beverages under KRS 243.036.

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

15 (a) The trafficking or possession upon the licensed premises of controlled or
16 illegal substances described in KRS Chapter 218A, including synthetic drugs;

17 (b) Knowingly permitting the trafficking or possession by patrons upon the
18 licensed premises of controlled or illegal substances described in KRS
19 Chapter 218A, including synthetic drugs; or

20 (c) Knowingly receiving stolen property upon the licensed premises.

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