

1 AN ACT relating to the Kentucky Gaming Commission.

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

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

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

6 *(1) "Amateur athletics" means any interscholastic athletics in which the*
7 *participating athletes are elementary or secondary school students of any public*
8 *or private institution of learning; any intercollegiate athletics in which the*
9 *participating athletes are students of any public or private institution of higher*
10 *education; or any athletics sponsored or regulated by the following amateur*
11 *athletic associations including but not limited to:*

12 *(a) United States Olympic Committee;*

13 *(b) National Collegiate Athletic Association;*

14 *(c) National Association of Intercollegiate Athletics;*

15 *(d) Kentucky High School Athletic Association;*

16 *(e) Kentucky Amateur Athletics Union;*

17 *(f) Bluegrass State Games;*

18 *(g) Little League Baseball;*

19 *(h) Amateur Softball Association;*

20 *(i) Babe Ruth Leagues of Kentucky;*

21 *(j) American Legion Baseball;*

22 *(k) Kentucky Youth Soccer Association; or*

23 *(l) Kentucky Special Olympics;*

24 *(2) "Department of charitable gaming" means the Department of Charitable*
25 *Gaming established under the Kentucky Gaming Commission by Section 86 of*
26 *this Act;*

27 *(3) "Gaming commission" means the Kentucky Gaming Commission created under*

1 Section 2 of this Act;

2 (4) "Gaming commissioner" means a member of the Kentucky Gaming Commission
3 appointed under Section 2 of this Act;

4 (5) "Lottery" means any game of chance approved by the corporation and operated
5 pursuant to this chapter, except for games prohibited by the General Assembly as
6 provided for in Section 9 of this Act;

7 (6) "Lottery department" means the Lottery Department established under the
8 Kentucky Gaming Commission by Section 7 of this Act;

9 (7) "Major lottery-specific procurement" means any gaming product or service
10 including but not limited to major advertising contracts, annuity contracts, prize
11 payment agreements, consulting services, personal service contracts, equipment,
12 tickets, and all other products and services unique to the operation of the lottery
13 department in its lottery activities, but not including materials, supplies,
14 equipment, and services common to the ordinary operations of a department;

15 (8) "Racing department" means the racing department established under the
16 Kentucky Gaming Commission by Section 30 of this Act;

17 (9) (a) With respect to an individual, "related entity" means any spouse, child,
18 brother, sister, or parent residing as a member of the same household in the
19 principal place of abode of the individual, and any entity with respect to
20 which the individual, or spouse, child, brother, sister, or parent of the
21 individual has a financial interest of five percent (5%) or more, or is an
22 officer, director, employee, or partner; and

23 (b) With respect to any partnership, corporation, joint venture, or other entity,
24 "related entity" means any officer, director, employee, partner, or owner of
25 a financial interest of five percent (5%) or more of the total value thereof;
26 any parent, subsidiary, or brother corporation; and any other entity with
27 which the given entity has an identity of ownership of fifty percent (50%) or

1 more;

2 (10) "Retailer" means any person with whom the lottery department has contracted to
 3 sell lottery tickets to the public;

4 (11) "Security" means the protection of information that would provide an unfair
 5 advantage to any individual or other entity involved or seeking involvement in the
 6 operation of the lottery or the supply of major lottery-specific procurement items
 7 to the lottery department, and the protection of:

8 (a) Information that relates to detection or deterrence of, or could assist in the
 9 perpetration of, crimes against the lottery department or its retailers, their
 10 locations, or their employees; or

11 (b) Information which could impair or adversely impact the ability of the lottery
 12 department or its retailers to protect the integrity of the lottery or protect
 13 lottery equipment, supplies, or proceeds;

14 (12) "Sports contest" means any professional or amateur sport, athletic game or
 15 contest, or race or contest involving machines, persons, or animals, except
 16 horses, that is viewed by the public; and

17 (13) "Vendor" means any person who has entered into a major lottery-specific
 18 procurement contract with the lottery department.

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

21 (1) The Kentucky Gaming Commission is created as an independent agency of state
 22 government with the responsibility and authority to supervise and strictly regulate
 23 all gaming and wagering activities in the Commonwealth, including those
 24 currently licensed under:

25 (a) The Kentucky Lottery Corporation under KRS Chapter 154A;

26 (b) The Kentucky Horse Racing Commission under KRS Chapter 230; or

27 (c) The Department for Charitable Gaming under KRS Chapter 238.

- 1 (2) The gaming commission shall be attached to the Public Protection Cabinet for
2 administrative purposes only, but shall function as an autonomous body.
- 3 (3) The gaming commission shall consist of nine (9) members to be appointed by the
4 Governor and confirmed by the Senate as provided in KRS 11.160. Gaming
5 commission members appointed during periods when the General Assembly is
6 not in session may assume the responsibilities of the position pending
7 confirmation.
- 8 (4) The gaming commission shall elect one (1) of its members as chairperson, and
9 one (1) of its members as a vice chairperson.
- 10 (5) Requirements for members of the gaming commission shall be as follows:
- 11 (a) One (1) member shall:
- 12 1. a. Be a certified public accountant licensed by the Commonwealth
13 of Kentucky or by another state; or
- 14 b. Be a public accountant qualified to practice public accounting
15 under the provisions of KRS Chapter 325; and
- 16 2. a. Have at least five (5) years of progressively responsible
17 experience in general accounting and a comprehensive
18 knowledge of the principles and practices of corporate finance;
19 or
- 20 b. Possess the qualifications of an expert in the fields of corporate
21 finance, auditing, general finance, gaming, or economics;
- 22 (b) One (1) member shall be selected based on his or her training and
23 experience in the fields of investigation, law enforcement, law, or gaming;
- 24 (c) The Governor shall appoint one (1) member from a list of three (3)
25 Kentucky Horse Racing Commission members whose names shall have
26 been submitted by the chairperson of that commission;
- 27 (d) Not more than five (5) members of the gaming commission shall be

1 registered members of the same political party;

2 (e) Each member shall be a Kentucky resident at the time he or she is
3 appointed, shall have been a Kentucky resident for at least five (5)
4 consecutive years prior to his or her appointment, and shall remain a
5 Kentucky resident during his or her tenure as a member of the gaming
6 commission;

7 (f) To achieve regionally diverse representation, the Governor shall appoint
8 one (1) member of the gaming commission from each congressional district
9 and three (3) other members. Not more than two (2) members of the gaming
10 commission shall reside in the same congressional district;

11 (g) All persons appointed to the gaming commission shall be of good moral
12 character and shall not have been convicted of, or under indictment for, a
13 felony in Kentucky, in any other state, in federal court, or in a foreign
14 country; and

15 (h) No member of the gaming commission, or any family member of a member
16 of the gaming commission, at the time of appointment or during the
17 member's tenure on the gaming commission, shall:

18 1. Be a member of the legislature, a person holding any elective office in
19 the state government, or any officer or official of any political party;

20 or

21 2. Have any pecuniary or ownership interest in, engage in any loan or
22 credit transaction with, be employed by or hold a position with, or
23 have any ownership or managerial position in any business or
24 professional organization that provides goods or services to, engages
25 in line of credit transactions with, or otherwise does business with, any
26 person licensed under this chapter, KRS Chapter 230, or KRS Chapter
27 238, or any other person engaging in a business relating to wagering,

1 gambling, or the lottery.

2 (6) For initial gaming commission appointments:

3 (a) Two (2) members shall be appointed for a one (1) year term;

4 (b) Two (2) members shall be appointed for two (2) year terms;

5 (c) Three (3) members shall be appointed for three (3) year terms; and

6 (d) Two (2) members shall be appointed for a four (4) year term.

7 Thereafter, all gaming commissioners appointed by the Governor shall serve a
8 term of four (4) years or until their successors are appointed and duly qualified.

9 (7) Initial appointments shall be made by December 31, 2020, and the gaming
10 commission shall hold its first meeting and begin operating no later than
11 January 31, 2021.

12 (8) Gaming commission vacancies shall be filled in accordance with the
13 requirements established in subsections (3) to (6) of this section.

14 (9) (a) The Governor may remove any gaming commissioner for misfeasance,
15 malfeasance, or nonfeasance in office.

16 (b) The removal may be made after the member has been served with a copy of
17 the charges against him or her and he or she has a public hearing, if
18 requested.

19 (c) The member charged may request a public hearing. The request shall be in
20 writing and shall be submitted to the Governor's office within ten (10) days
21 of the service of charges upon the member.

22 (d) If a public hearing is timely requested, the hearing shall be held before a
23 hearing officer appointed by the Governor. The hearing officer shall make
24 findings of fact and conclusions of law based upon the record of the
25 hearing, and shall provide the Governor with a recommendation for action.
26 The Governor's final decision, after recommendation by the hearing officer,
27 may be appealed to the Franklin Circuit Court.

1 (10) Before assuming his or her duties, each gaming commissioner shall:

2 (a) Take the constitutional oath of office, which shall be filed with the office of
3 the gaming commission;

4 (b) Swear that he or she:

5 1. Has not been convicted of, and is not under indictment for, a felony in
6 Kentucky or in any other state, federal court, or a foreign country;
7 and

8 2. Is not actively engaged in, and does not own or hold a pecuniary
9 interest in any entity actively engaged in operating a wagering or
10 gaming facility or horse racing track, and does not hold a
11 management position or financial interest in a professional sports
12 team, or company supplying wagering or gaming supplies and
13 equipment; and

14 (c) Agree in writing that he or she shall not be employed by, agree to be
15 employed by, or solicit employment from any gaming or wagering licensee,
16 or any person holding a license or permit issued pursuant to KRS Chapter
17 154A, 230, or 238 during his or her term as gaming commissioner, and for
18 a period of three (3) years following the termination of his or her service as
19 a member of the gaming commission.

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

22 (1) The gaming commission shall establish and maintain an office in Frankfort for
23 the transaction of its business and may:

24 (a) Establish one (1) or more branch offices; and

25 (b) Hold meetings at any of its offices or at any other place within the
26 Commonwealth based upon convenience to its members, staff, those it
27 regulates, and the general public.

- 1 (2) A majority of the gaming commission membership shall constitute a quorum for
2 the purpose of transacting business or exercising any of the powers delegated to
3 the gaming commission under this chapter.
- 4 (3) A majority of the members present at any gaming commission meeting at which a
5 quorum is present may act on behalf of the gaming commission.
- 6 (4) All members shall be reimbursed for necessary travel and other reasonable
7 expenses incurred in the performance of their official duties.
- 8 (5) (a) The gaming commission shall hold at least one (1) meeting each month.
9 (b) The chairperson or a majority of the gaming commission members may call
10 a special meeting.
11 (c) A special meeting shall not be held earlier than seventy-two (72) hours after
12 written notice has been sent to each member.
- 13 (6) Gaming commission records shall be open and subject to public inspection in
14 accordance with KRS 61.870 to 61.884 unless:
15 (a) A record is exempted from inspection under KRS 61.878;
16 (b) A record involves a trade secret or other legally protected intellectual
17 property or confidential proprietary information of the gaming commission
18 or of an applicant, licensee, individual, or entity having submitted
19 information of such character to the gaming commission, in which case,
20 the portion of the record relating to these subjects may be closed; or
21 (c) The disclosure of the record could impair or adversely affect the operational
22 security of the gaming commission in the regulation of gaming facilities
23 and casino gaming or could impair or adversely impact the operational
24 security of applicants or licensees.
- 25 (7) Meetings of the gaming commission shall be open to the public in accordance
26 with KRS 61.800 to 61.850 unless the exceptions set forth in KRS 61.810 apply or
27 the meeting addresses trade secrets, confidential or proprietary information, or

1 operational security issues as described in subsection (6)(c) of this section. In
 2 such a case, the gaming commission may meet in closed session and shall follow
 3 the procedures set forth in KRS 61.815.

4 (8) Gaming commission members shall be subject to all applicable provisions of KRS
 5 Chapter 11A.

6 (9) The gaming commission shall develop a process to ensure that all individuals
 7 seeking to provide the gaming commission with information relating to issues
 8 that will be discussed at a public meeting have the means to do so.

9 (10) The Auditor of Public Accounts shall perform an annual audit of the gaming
 10 commission, a copy of which shall be sent to the Governor and the Legislative
 11 Research Commission.

12 (11) The gaming commission shall submit a written annual report to the Governor
 13 and the Legislative Research Commission on or before July 1 of each year. The
 14 first report shall be due July 1, 2021. The gaming commission shall file any
 15 additional reports requested by the Governor or the Legislative Research
 16 Commission. The annual report shall include the following information:

17 (a) The receipts and disbursements of the gaming commission;

18 (b) Actions taken by the gaming commission; and

19 (c) Any additional information and recommendations that the gaming
 20 commission considers useful or that the Governor or the Legislative
 21 Research Commission requests.

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

24 (1) Gaming commissioners shall not communicate ex parte or off-the-record with:

25 (a) Any applicant for licensure under this chapter, KRS Chapter 230, or KRS
 26 Chapter 238;

27 (b) Any affiliate of an applicant specified under paragraph (a) of this

1 subsection;

2 (c) Any person who has any direct or indirect interest in the outcome regarding
3 a pending application for a license; or

4 (d) The agent of any applicant, affiliate of an applicant, or person who has any
5 direct or indirect interest in the outcome regarding a pending application
6 for a license.

7 (2) If an ex parte or off-the-record communication occurs, the gaming commissioner
8 shall:

9 (a) Notify the chairperson of the occurrence in writing; and

10 (b) 1. Note the occurrence and, if the communication was written, place a
11 copy of the communication in the applicant's file; and

12 2. Create a memorandum of the substance of the communication if the
13 communication was oral.

14 (3) A gaming commissioner receiving an ex parte or off-the-record communication
15 may voluntarily recuse himself or herself from any role in deciding the matter
16 that is the subject of the communication, and shall provide written notice of
17 recusal to the chairperson.

18 (4) Upon receipt of notice of an ex parte or off-the-record communication, the
19 chairperson may recommend recusal of the recipient, and this recusal shall be
20 affirmed by a majority of a quorum of the gaming commission voting at a special
21 or regular meeting. In determining whether to recommend recusal of a gaming
22 commissioner, the chairperson shall consider whether, based on the
23 circumstances surrounding the ex parte or off-the-record communication and the
24 recipient's conduct with respect to it, the recipient's further participation in the
25 decision-making process would diminish public confidence in the gaming
26 commission's integrity and that of its processes and procedures.

27 (5) Initiation of ex parte or off-the-record communication by a gaming

1 commissioner may constitute cause for removal from the gaming commission.

2 (6) Initiation of ex parte or off-the-record communication for the purpose of
3 influencing a gaming commissioner's decision with respect to any matter pending
4 before the gaming commission by:

5 (a) An applicant or licensee;

6 (b) An applicant or licensee's affiliates, owners, or persons who have control of
7 the applicant or licensee; or

8 (c) An agent of an applicant, licensee, or persons who have control of the
9 applicant or licensee;

10 may constitute cause for denial, suspension, revocation, or nonrenewal of a
11 license.

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

14 (1) The gaming commission shall perform a continuing study of all aspects of the
15 gaming industry in Kentucky and in the United States.

16 (2) Based upon information reported as part of the continuing study, the gaming
17 commission shall make periodic reports to the Governor and the Legislative
18 Research Commission concerning needed revisions to the laws of this
19 Commonwealth that provide for the licensing, regulation, and taxation of
20 wagering and other forms of gaming.

21 (3) The gaming commission may contract with:

22 (a) The University of Louisville;

23 (b) The University of Kentucky; and

24 (c) Other parties, in its discretion and in accordance with applicable law; for
25 the performance of the study and evaluations.

26 (4) The gaming commission shall maintain a Web site on which it shall display
27 documents, reports, statistical information relating to wagering and gaming

1 licenses and revenue, and other information related to its duties under this
2 chapter.

3 (5) The gaming commission shall, by administrative regulation, establish a
4 comprehensive plan in conformance with KRS Chapter 18A governing:

5 (a) Employment;

6 (b) Job classifications and performance standards; and

7 (c) Retention or discharge of employees of the gaming commission to ensure
8 termination or other adverse action is not taken against employees except
9 for cause.

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

12 (1) The gaming commission shall appoint an executive director who shall serve as
13 the chief executive officer of the gaming commission. The executive director shall
14 serve a term of four (4) years and may be reappointed.

15 (2) The executive director shall be engaged full-time in fulfilling the duties imposed
16 under this chapter and in conducting the business of the gaming commission and
17 shall not pursue any other business or occupation or hold any other office for
18 profit.

19 (3) The executive director shall be responsible for the management of the gaming
20 commission's affairs. The executive director shall possess the powers and
21 perform the duties assigned to the executive director by this chapter and shall
22 have other duties as the gaming commission directs.

23 (4) The executive director shall hire employees necessary to carry out the functions
24 of the gaming commission. The executive director shall fix the compensation of
25 employees in accordance with the administrative regulations promulgated by the
26 gaming commission under subsection (5) of Section 5 of this Act.

27 (5) The executive director shall serve as secretary of the gaming commission and

1 shall keep a full record of all proceedings before the gaming commission and
2 shall preserve at the gaming commission's office all books, maps, documents,
3 licenses, and other records of the gaming commission.

4 (6) The executive director and gaming commission employees shall be reimbursed
5 for actual expenses incurred in the discharge of their official duties.

6 (7) The executive director and all employees of the gaming commission shall be
7 subject to all applicable provisions of KRS Chapter 11A.

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

10 (1) On February 3, 2021, the Kentucky Lottery Corporation established under KRS
11 154A.020 shall be dissolved and:

12 (a) The responsibilities and duties assigned to the Kentucky Lottery
13 Corporation under KRS Chapter 154A;

14 (b) Real property owned by the Kentucky Lottery Corporation; and

15 (c) Contractual obligations undertaken by the Kentucky Lottery Corporation;
16 shall be assigned to the Kentucky Gaming Commission established by Section 2
17 of this Act and duties formerly assigned to the Kentucky Lottery Corporation
18 shall be assigned to the lottery department under the Kentucky Gaming
19 Commission.

20 (2) Before January 1, 2021, the Kentucky Lottery Corporation shall prepare and
21 submit to the Governor, the Legislative Research Commission, and the Finance
22 and Administration Cabinet a plan for the future organization and operation of
23 the lottery department under the Kentucky Gaming Commission. The plan shall
24 include but not be limited to detailed information on the following:

25 (a) A proposed and transitional personnel system to meet the needs of
26 employees transitioning from the Lottery Corporation to the lottery
27 department including;

- 1 1. Health insurance coverage;
- 2 2. Deferred compensation programs;
- 3 3. Workers' compensation;
- 4 4. Life insurance; and
- 5 5. Retirement and merit system rights.
- 6 (b) The process to be used by the Kentucky Gaming Commission and the
- 7 Lottery Corporation in the development and implementation of their
- 8 respective operating plans and budgets, including:
- 9 1. The methodology for the transfer of funds between the entities;
- 10 2. The methodology for the transfer of information systems and
- 11 information system technology; and
- 12 3. The methodology for the transfer of legal obligations from the Lottery
- 13 Corporation to the lottery department.

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

- 16 (1) The gaming commission, through its lottery department, shall conduct and
- 17 administer lottery games which will result in maximization of revenues to the
- 18 Commonwealth of Kentucky while at the same time providing entertainment to its
- 19 citizens. It shall be the duty of the lottery department to provide for the effective
- 20 operation of lottery games which ensure the integrity of the lottery and maintain
- 21 the dignity of the Commonwealth and the general welfare of its citizens. The
- 22 lottery department, in pursuit of the attainment of the objectives and the purposes
- 23 of this chapter, may:
- 24 (a) Hold copyrights, trademarks, and service marks, and enforce its rights with
- 25 respect thereto;
- 26 (b) Appoint agents upon which process may be served;
- 27 (c) Enter into written agreements with one (1) or more other states for the

1 operation, marketing, and promotion of a joint lottery or joint lottery
2 games;

3 (d) Acquire real property and make improvements thereon. These acquisitions
4 shall be reported to the Capital Projects and Bond Oversight Committee for
5 its review and determination in accordance with KRS 45.750 to 45.810; and

6 (e) Make, execute, and effectuate any and all agreements or contracts
7 including:

8 1. Contracts for the purchase of such goods and services as are
9 necessary for the operation and promotion of the state lottery.
10 Proposed purchases of major items of equipment estimated to cost one
11 hundred thousand dollars (\$100,000) or more and proposed purchases
12 of items of equipment where the estimated contract price for all the
13 items of equipment taken together is four hundred thousand dollars
14 (\$400,000) or more shall be reported to the Capital Projects and Bond
15 Oversight Committee for its review and determination in accordance
16 with the provisions of KRS 45.750 to 45.810. A contract shall not be
17 artificially divided to cause an estimated contract price to fall below
18 the four hundred thousand dollar (\$400,000) threshold. Contracts for
19 personal service shall be reviewed in accordance with KRS 45A.690 to
20 45A.725; and

21 2. Contracts to incur debt in its own name and enter into financing
22 agreements with the Commonwealth, its own agencies, or with a
23 commercial bank, excluding the authority to issue bonds.

24 (2) The gaming commission shall:

25 (a) Supervise and administer the lottery through its lottery department in
26 accordance with the provisions of this chapter and the administrative
27 regulations adopted by the commission;

- 1 (b) Submit monthly and annual reports to the Governor, the President of the
2 Senate, and the Speaker of the House of Representatives containing
3 financial statements which include but are not limited to disclosure of gross
4 revenues, expenses, and net proceeds for the period;
- 5 (c) Adopt by administrative regulation a system of continuous internal audits;
- 6 (d) Maintain weekly or more frequent records of lottery transactions, including
7 distribution of tickets to lottery retailers, revenues received, claims for
8 prizes, prizes paid, and all other financial transactions of the lottery
9 department;
- 10 (e) Adopt by administrative regulation a code of ethics for officers and
11 employees of the lottery department to carry out the standards of conduct
12 established by the provisions of this chapter;
- 13 (f) Include capital projects, as defined in KRS 45.750(1)(f), which exceed the
14 thresholds set forth in KRS 154A.060(1)(g)1, in the budget unit request
15 submitted by the gaming commission to the Finance and Administration
16 Cabinet pursuant to KRS 48.050. In the budget unit request submitted by
17 the gaming commission, a contingency item for acquisition of the on-line
18 central system, all related equipment, and any other equipment owned by
19 vendors of the gaming commission relating to computer-generated lottery
20 games from the lottery department's vendors shall be stated separately from
21 all other equipment. Further, if the identification of specific projects
22 requiring the acquisition of equipment in the nature of computer systems,
23 communications equipment and related peripheral devices, and operating
24 system software cannot be ascertained with absolute certainty at the time
25 the gaming commission is required to submit its budget unit request, the
26 gaming commission shall be entitled to submit a general request for the
27 equipment without individually identifying specific projects, together with a

1 maximum amount to be allocated for the equipment, in the budget unit
2 request;

3 (g) The Kentucky Gaming Commission and the Cabinet for Health and Family
4 Services shall develop a system to allow the gaming commission to receive a
5 list of delinquent child support obligors from the Cabinet for Health and
6 Family Services on a monthly basis. The lottery department shall withhold
7 delinquent amounts from prizes of winners that appear on the list. This
8 system shall be timely and shall not create an unavoidable delay in the
9 payment of a lottery prize; and

10 (h) The Kentucky Gaming Commission and the Kentucky Higher Education
11 Assistance Authority shall develop a system to allow the Kentucky Gaming
12 Commission to receive on a periodic basis a list of persons declared in
13 default of repayment obligations under financial assistance programs in
14 KRS Chapters 164 and 164A. The lottery department shall withhold from a
15 person's prize winnings the amount of the defaulted loan and shall transfer
16 the amount to the authority to credit the account of the person in default.
17 Any amount remaining after the deduction of the loan amount shall be paid
18 to the person.

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

21 (1) The lottery department shall not utilize amateur athletics for any purpose,
22 including but not limited to advertising, promoting, conducting a lottery, or as a
23 basis for a lottery.

24 (2) The lottery department shall not approve and operate any casino or similar
25 gambling establishment and shall not approve or operate any game played with
26 playing cards, dice, dominos, slot machines, roulette wheels, or where winners
27 are determined by the outcome of a sports contest.

1 (3) This section shall not be construed to prohibit the lottery department from
2 advertising the lottery at, during, or in connection with a sports contest.

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

5 The lottery department may utilize horse racing or contests involving horses for any
6 purpose, including but not limited to advertising, promoting, conducting a lottery, or as
7 a basis for a lottery, after obtaining the necessary permission from the horse racing
8 track or sponsoring authority involved.

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

11 (1) The lottery department of the Kentucky Gaming Commission shall direct and
12 supervise all administrative and technical activities in accordance with the
13 provisions of this chapter and with the administrative regulations adopted by the
14 gaming commission. It shall be the duty of the department director to:

15 (a) Supervise and administer the operation of the lottery games;

16 (b) Employ and direct such personnel as may be necessary to carry out the
17 purposes of this chapter;

18 (c) Contract in accordance with the administrative regulations of the gaming
19 commission with persons to sell lottery tickets at retail. The lottery
20 department shall require a bond or bank letter of credit from lottery
21 retailers in an amount provided by administrative regulations issued by the
22 gaming commission; and

23 (d) Enter into any contract pursuant to KRS Chapters 45 and 45A or
24 administrative regulations promulgated by the gaming commission, and
25 pursuant to KRS 154A.120, with any person, firm, or corporation for the
26 promotion and any operation of the lottery, or for the performance of any of
27 the functions as provided in this chapter.

1 (2) The lottery department, and the gaming commission, may conduct an ongoing
2 study of the operation and administration of lotteries in other states or countries,
3 of available literature on the subject, of federal laws and regulations which may
4 affect the operation of the lottery, and of the reaction of citizens of this state to
5 existing or proposed features of lottery games, with a view toward implementing
6 improvements that will tend to serve the purposes of this chapter.

7 (3) The department director also may:

8 (a) Require bond from employees with access to gaming commission funds or
9 lottery funds, in such an amount as provided in the administrative
10 regulations of the gaming commission. The lottery department director may
11 also require bond from other employees as he or she deems necessary; and

12 (b) For good cause, suspend, revoke, or refuse to renew any lottery-related
13 contract entered into in accordance with the provisions of this chapter or
14 the administrative regulations of the gaming commission.

15 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
16 READ AS FOLLOWS:

17 (1) No employee of the lottery department shall have a financial interest in any
18 vendor doing business or proposing to do business with the lottery department.

19 (2) No employee of the lottery department with decision-making authority shall
20 participate in any decision involving a retailer with whom the employee has a
21 financial interest of five percent (5%) or more of the total value thereof.

22 (3) No employee of the department who leaves the employ of the department may
23 represent any vendor, lottery retailer, or related entity before the gaming
24 commission or the department for a period of two (2) years following termination
25 of employment with the department.

26 (4) A background investigation shall be conducted by the chief security officer of the
27 department on every applicant who has reached the final selection process prior

1 to employment by the department. Applicants may be fingerprinted as a condition
2 of employment. In addition:

3 (a) All employees performing duties primarily related to security matters, prior
4 to employment, shall be subject to a background investigation report
5 conducted by the Department of Kentucky State Police. The Department of
6 Kentucky State Police shall be reimbursed by the lottery department for the
7 cost of investigations conducted pursuant to this section;

8 (b) No person who has been convicted of a felony, bookmaking or other forms
9 of illegal gambling, or of a crime involving moral turpitude shall be
10 employed by the department; and

11 (c) Any employee of the department who is or has been convicted of a felony,
12 bookmaking, or any other form of illegal gambling shall be terminated from
13 employment by the department.

14 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
15 READ AS FOLLOWS:

16 (1) Any retailer, vendor, or applicant for a retailer or vendor contract aggrieved by
17 an action of the director of the lottery department may appeal that decision to the
18 gaming commission.

19 (2) All appeals before the gaming commission shall be decided within thirty (30) days
20 of the hearing.

21 (3) Any person aggrieved by a decision of the gaming commission may appeal the
22 decision to the Franklin Circuit Court, except that if the person aggrieved is a
23 lottery retailer or an applicant to become a lottery retailer, then the Circuit Court
24 of the county in which the retailer does or applicant would operate shall have
25 concurrent venue as to such appeal.

26 (4) The Circuit Court may reverse the decision of the gaming commission only in the
27 event the decision is found to be:

1 (a) Clearly erroneous;

2 (b) Arbitrary and capricious;

3 (c) Procured by fraud; or

4 (d) A result of misconduct by the gaming commission, or a member thereof.

5 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
6 READ AS FOLLOWS:

7 Whenever a bond is required for the protection of the lottery department, letters of
8 credit or other surety as may be approved by the gaming commission, may be utilized
9 in lieu of a bond.

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

12 (1) Proceeds of lottery prizes shall be subject to Kentucky state income tax. Any
13 attachments, garnishments, or executions authorized and issued pursuant to
14 statute shall also be withheld if served upon the process agent of the lottery
15 department. This section shall not apply to a retailer.

16 (2) The gaming commission shall promulgate administrative regulations to establish
17 a system of verifying the validity of tickets claimed to win prizes and to effect
18 payment of such prizes, except that:

19 (a) No prize, nor any portion of a prize, nor any right of any person to a prize
20 awarded shall be assignable, except as provided in subsection (6) of this
21 section. Any prize, or portion thereof, remaining unpaid at the death of a
22 prize winner shall be paid to the estate of such deceased prize winner or to
23 the trustee under a revocable living trust established by the deceased prize
24 winner as settlor, provided that a copy of such a trust has been filed with the
25 lottery department along with a notarized letter of direction from the settlor
26 and no written notice of revocation has been received by the lottery
27 department prior to the settlor's death. Following such a settlor's death and

1 prior to any payment to such a successor trustee, the lottery department
2 shall obtain from the trustee and each trust beneficiary a written agreement
3 to indemnify and hold the lottery department and the gaming commission
4 harmless with respect to any claims that may be asserted against the lottery
5 department or the gaming commission arising from payment to or through
6 the trust. Notwithstanding any other provisions of this section, any person,
7 pursuant to an appropriate judicial order, shall be paid the prize to which a
8 winner is entitled;

9 (b) No ticket shall knowingly be sold to any person under the age of eighteen
10 (18), but this section does not prohibit the purchase of a ticket by a person
11 eighteen (18) years of age or older for the purpose of making a gift to any
12 person of any age. In such case, the lottery department shall direct payment
13 to an adult member of the person's family or the legal guardian of the
14 person on behalf of such person. The person named as custodian shall have
15 the same powers and duties as prescribed for a custodian pursuant to the
16 Uniform Transfers to Minors Act;

17 (c) No prize shall be paid arising from claimed tickets that are stolen,
18 counterfeit, altered, fraudulent, unissued, produced or issued in error,
19 unreadable, not received or not recorded by the lottery department within
20 applicable deadlines, lacking in captions that conform and agree with the
21 play symbols as appropriate to the lottery game involved, or not in
22 compliance with such additional specific rules and public or confidential
23 validation and security tests of the lottery department appropriate to the
24 particular lottery game involved;

25 (d) No particular prize in any lottery game shall be paid more than once, and in
26 the event of a binding determination that more than one (1) claimant is
27 entitled to a particular prize, the sole remedy of such claimants is the award

1 to each of them of an equal share in the prize;

2 (e) A holder of a winning cash ticket from a Kentucky lottery game, or for a
3 multistate lottery game, shall claim a prize within one hundred eighty (180)
4 days after the drawing in which the prize was won. In any Kentucky lottery
5 game, or for a multistate lottery game, in which the player may determine
6 instantly if he or she has won or lost, a player shall claim a prize within one
7 hundred eighty (180) days after the end of the lottery game as announced by
8 the corporation. However, a holder of a pull-tab lottery ticket shall claim a
9 prize within the time period and in the manner printed on the ticket. If a
10 valid claim is not made for a prize within the applicable period, the prize
11 shall constitute an unclaimed prize for purposes of subsection (3) of this
12 section; and

13 (f) No prize shall be paid upon a ticket purchased or sold in violation of this
14 chapter. Any such prize shall constitute an unclaimed prize for purposes of
15 subsection (3) of this section.

16 (3) Any unclaimed prize money may be retained by the lottery department and added
17 to the pool from which future prizes are to be awarded or used for special prize
18 promotions, or may be appropriated by the General Assembly directly from the
19 gaming commission for any public purpose.

20 (4) The lottery department is discharged of all liability upon payment of a prize.

21 (5) No ticket shall be purchased by and no prize shall be paid to any of the following
22 persons:

23 (a) Any member of the Kentucky Gaming Commission or employees of the
24 lottery department;

25 (b) Any vendors or related entities, or any member of the board of directors,
26 officers, employees of, partners in, or owners of any vendors or related
27 entities to the vendors; or

1 (c) Any spouse, child, brother, sister, or parent residing as a member of the
2 same household in the principal place of abode of any person identified in
3 paragraph (a) or (b) of this subsection.

4 (6) The right of any person to receive payments due under a prize that is paid in
5 installments over time by the lottery department, excluding prizes payable for the
6 winner's life, may be voluntarily assigned, in whole or in part, if the assignment
7 is made to a person or entity designated pursuant to an order of the Franklin
8 Circuit Court. The Circuit Court shall issue an order approving a voluntary
9 assignment, specifying the exact dollar amount of each prize payment or
10 payments assigned, or any portion thereof, the dates of the payments being
11 assigned, the name of the assignor as it appears on the lottery claim form or the
12 full legal name of the assignor if different than the name as it appears on the
13 lottery claim form, and the full legal name of the assignee to whom the assigned
14 payments will be made, and directing the lottery department to make the specified
15 payments to the assignee, if all of the following conditions have been met:

16 (a) The assignment is in writing, executed by the assignor either before or after
17 July 12, 2006, and by its terms, subject to the laws of this Commonwealth;
18 and

19 (b) The assignor provides a sworn affidavit attesting that the assignor:
20 1. Is of sound mind, in full command of his or her faculties, and is not
21 acting under duress;
22 2. Has had the opportunity to receive independent legal, financial, and
23 tax advice concerning the effects of the assignment;
24 3. Understands that he or she will not receive the prize payments, or
25 portions thereof, for the years assigned;
26 4. Understands and agrees that with regard to the assigned payments, the
27 Commonwealth, the gaming commission, and its respective employees

- 1 will have no further liability or responsibility to make the assigned
2 payments to the assignor;
- 3 5. Has been provided with a one (1) page written disclosure statement in
4 bold type, fourteen (14) point font or larger, setting forth:
- 5 a. The payments being assigned, by amounts and payment dates;
6 b. The purchase price being paid; and
7 c. The amount, if any, of any origination or closing fees that will be
8 charged to the lottery winner; and
- 9 6. Has disclosed the existence or nonexistence of a current spouse; and,
10 if married, unless the court finds the assignor may make the
11 assignment without the spouse's consent, the assignor has submitted
12 to the court a signed and notarized statement wherein the spouse
13 consents to the assignment.
- 14 (7) Written notice of any petition seeking court approval of an assignment under
15 subsection (6) of this section and of a court hearing, if any, concerning the
16 proposed assignment shall be delivered by certified mail, return receipt requested,
17 to the lottery department's registered agent at least fifteen (15) days prior to entry
18 of the court order or a court hearing, if any. The lottery department is not a
19 necessary or indispensable party and is not required to appear in or be named as
20 a party to any action seeking court approval of a voluntary assignment, but may
21 intervene as of right in any such proceeding.
- 22 (8) A voluntary assignment under subsection (6) of this section shall not include or
23 cover payments or portions of payments that are, at the time of entry of the court
24 order, subject to offset or withholding due to:
- 25 (a) A defaulted or delinquent child support obligation;
26 (b) A debt owed to a state agency; or
27 (c) Any attachments, garnishments, or executions authorized and issued

- 1 pursuant to statute and served upon the process agent of the lottery
2 department as set forth in subsection (1) of this section;
3 unless appropriate provision is made in the court order to satisfy the obligation or
4 obligations giving rise to the offset or withholding at the time of closing of the
5 assignment transaction. Each court order shall provide that any delinquent child
6 support obligation owed by the assignor as of the date of the court order and any
7 debts owed to a state agency by the assignor as of the date of the court order shall
8 be offset by the lottery department first against remaining payments or portions
9 thereof then due the assignor and then against payments due the assignee each
10 year until paid in full.
- 11 (9) A court order approving a voluntary assignment under subsection (6) of this
12 section, together with any other order issued in connection with any one (1) prize
13 drawn, shall not require the lottery department to divide any single prize payment
14 among more than three (3) different persons or entities.
- 15 (10) The Commonwealth, the gaming commission, the lottery department and their
16 respective officials and employees shall be discharged of all further liability upon
17 payment of a prize pursuant to court order issued under subsection (6) of this
18 section. It shall be the responsibility of the assignor or the assignee to provide the
19 lottery department information necessary for the lottery department to identify the
20 parties to any assignment under subsection (6) of this section and to make the
21 payments assigned.
- 22 (11) The lottery department may establish a reasonable fee, not to exceed one
23 thousand dollars (\$1,000), to defray any administrative expenses associated with
24 processing each assignment made pursuant to subsection (6) of this section. The
25 fee amount shall reflect the direct and indirect costs associated with processing
26 the assignments. A court order approving an assignment under subsection (6) of
27 this section shall direct the assignee to pay the fee to the lottery department no

1 later than ten (10) days after entry of the order.

2 (12) A certified copy of a court order approving a voluntary assignment under
3 subsection (6) of this section shall be delivered by certified mail, return receipt
4 requested, to the lottery department's registered agent at least thirty (30) days
5 prior to the date upon which the first assigned payment is to be paid to the
6 assignee. Within ten (10) days of receipt of the court order, the lottery department
7 shall acknowledge in writing to both the assignor and the assignee its receipt of
8 the court order and that the lottery department shall thereafter make the prize
9 payments in accordance with the court order.

10 (13) Subsection (6) of this section supersedes and prevails over any provision in the
11 Uniform Commercial Code, including KRS 355.9-406.

12 (14) The right to assign prize payments pursuant to subsection (6) of this section shall
13 be suspended upon:

14 (a) The publication by the United States Internal Revenue Service, hereinafter
15 referred to in this subsection as the "Service," of a revenue ruling or other
16 public ruling of the Service, which rules that, based upon the right of
17 assignment provided in subsection (6) of this section, Kentucky lottery
18 prizewinners who do not assign any prize payments would be subject to an
19 immediate income tax liability for the value of the entire prize rather than
20 annual income tax liability for each installment when paid; or

21 (b) The issuance by a court of competent jurisdiction of a published decision
22 holding that, based upon the right of assignment provided in subsection (6)
23 of this section, a lottery prizewinner who does not assign any prize payments
24 under that subsection would be subject to an immediate income tax liability
25 for the value of the entire prize rather than annual income tax liability for
26 each installment when paid.

27 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO

1 READ AS FOLLOWS:

2 (1) The lottery department shall conduct all procurements in accordance with KRS
3 Chapter 45A and this chapter, this chapter being deemed to control in the event
4 that, and to the extent that, any provision in this chapter is expressly inconsistent
5 with any provision of KRS Chapter 45A; or the gaming commission may adopt
6 administrative regulations establishing its procurement procedures. If the gaming
7 commission elects to promulgate administrative regulations establishing its
8 procurement procedures rather than conduct procurements in accordance with
9 the provisions of KRS Chapter 45A, the gaming commission may include sections
10 of KRS Chapter 45A as part of its administrative regulations. The gaming
11 commission's procurement procedures or administrative regulations shall be
12 designed to provide for the purchase of supplies, equipment, services, and
13 construction items that provide the greatest long-term benefit to the state, the
14 greatest integrity for the lottery department, and the best service and products, for
15 the public.

16 (2) In its bidding and negotiation processes, the lottery department may do its own
17 bidding and procurement, or may utilize the services of the Finance and
18 Administration Cabinet, or a combination thereof. The gaming commission may,
19 in lieu of the secretary of finance, declare an emergency for purchasing purposes.

20 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO

21 READ AS FOLLOWS:

22 (1) (a) All money received by the lottery department from the sale of lottery tickets
23 and all other sources shall be deposited into an agency operating account.

24 (b) The lottery department is authorized to use all money in the agency
25 operating account for the purposes of paying prizes and the necessary
26 expenses of the lottery department, the gaming commission, and dividends
27 to the state.

1 (c) The lottery department shall allocate the amount to be paid to prize winners.

2 (d) The amount in the agency operating account which the lottery department
3 anticipates will be available for the payment of prizes on an annuity basis
4 may be invested in direct United States Treasury obligations. These
5 instruments may be in varying maturities with respect to payment of
6 annuities and may be in book-entry form.

7 (e) Monthly, no later than the last business day of the succeeding month, the
8 corporation shall transfer to a lottery trust fund the amount of net revenues
9 which the lottery department determines are surplus to its needs. The
10 General Assembly shall determine the manner in which the funds will be
11 allocated and appropriated.

12 (f) The net revenues shall be determined by deducting from gross revenues the
13 payment costs incurred in the operation and administration of the lottery,
14 including the expenses of the lottery department and the gaming
15 commission, and the costs resulting from any contract or contracts entered
16 into for:

17 1. Promotional, advertising, or operational services;

18 2. The purchase or lease of lottery equipment and materials;

19 3. Fixed capital outlays; and

20 4. The payment of prizes to the holders of winning tickets.

21 (g) It is the intent of the Legislature that it shall be the goal of the lottery
22 department to transfer each year thirty-five percent (35%) of gross revenues
23 to the general fund for the purposes stated above.

24 (2) (a) A Kentucky lottery trust account is established in the State Treasury. Net
25 lottery revenues shall be credited to this restricted account as provided in
26 subsection (1) of this section.

27 (b) Moneys credited to the Kentucky lottery trust account shall be invested by

1 the state in accordance with state investment practices and all earnings
2 from the investments shall accrue to this account.

3 (c) No moneys shall be allotted or expended from this account unless pursuant
4 to an appropriation by the General Assembly, except that moneys as are
5 needed shall be transferred to the general fund pursuant to the provisions of
6 the Acts of the Extraordinary Session of the 1988 General Assembly.

7 (d) Moneys in the Kentucky lottery trust account shall not lapse at the close of
8 the state fiscal year.

9 (3) Each fiscal year, three million dollars (\$3,000,000) from net lottery revenues
10 from the sale of lottery tickets shall be credited from the general fund as follows:

11 (a) To the Collaborative Center for Literacy Development, one million two
12 hundred thousand dollars (\$1,200,000); and

13 (b) To the reading diagnostic and intervention fund, one million eight hundred
14 thousand dollars (\$1,800,000).

15 (4) After the allocation of three million dollars (\$3,000,000) to literacy development,
16 as provided in subsection (3) of this section, net lottery revenues from the sale of
17 lottery tickets shall be credited from the general fund as follows:

18 (a) Forty-five percent (45%) to the Wallace G. Wilkinson Kentucky educational
19 excellence scholarship trust fund established in KRS 164.7877; and

20 (b) Fifty-five percent to the College Access Program and the Kentucky Tuition
21 Grants Program established in KRS Chapter 164:

22 (5) (a) The Auditor of Public Accounts shall be responsible for a financial
23 postaudit of the books and records of the lottery department.

24 (b) The postaudit shall be conducted in accordance with generally accepted
25 accounting principles, shall be paid for by the lottery department, and shall
26 be completed within ninety (90) days of the close of the corporation's fiscal
27 year.

- 1 (c) The Auditor of Public Accounts shall contract with an independent,
2 certified public accountant who meets the qualifications existing to do
3 business within the Commonwealth of Kentucky to perform the lottery
4 department postaudit.
- 5 (d) The Auditor of Public Accounts shall remain responsible for the annual
6 postaudit and the lottery department shall pay all audit costs.
- 7 (e) The Auditor of Public Accounts may at any time conduct additional audits,
8 including performance audits, of the lottery department as he or she deems
9 necessary or desirable.
- 10 (f) Contracts shall be entered into for audit services for a period not to exceed
11 five (5) years, and the same firm shall not receive two (2) consecutive audit
12 contracts.
- 13 (g) All audits shall be filed with the Governor, the President of the Senate, the
14 Speaker of the House of Representatives, and the gaming commission.
- 15 (h) The lottery department shall reimburse the Auditor of Public Accounts for
16 the reasonable costs of any audits performed by him or her.
- 17 (i) The lottery department shall cooperate with the Auditor of Public Accounts
18 by giving employees designated by any of them access to facilities of the
19 lottery department for the purpose of efficient compliance with their
20 respective responsibilities.
- 21 (j) With respect to any reimbursement that the lottery department is required to
22 pay to any agency, the lottery department shall enter into an agreement with
23 that agency under which the lottery department shall pay to the agency an
24 amount reasonably anticipated to cover the reimbursable expenses in
25 advance of the expenses being incurred.
- 26 (6) By no later than December 31 of each year, in an advertisement at least one-
27 fourth (1/4) of a page in size, the lottery department shall publish the following

1 information in every general-circulation daily newspaper published in Kentucky:

2 (a) The statements of revenue, expenses, and changes in retained earnings as
 3 shown in the most recent annual audit report. It shall be explained that the
 4 transfer of dividends is the amount of lottery earnings transferred to the
 5 general fund;

6 (b) A statement identifying the auditing firm;

7 (c) A telephone number which citizens may call to obtain a complete copy of
 8 the annual audit report; and

9 (d) The name of the chairperson of the Kentucky Gaming Commission and a
 10 complete list of commission members.

11 The lottery department shall pay for the cost of the advertisement.

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

14 (1) The Kentucky Gaming Commission is hereby authorized to accept and expend
 15 such moneys as may be appropriated by the General Assembly or such moneys as
 16 may be received from any source, including income from the lottery department's
 17 operations, for effectuating its purposes including without limitation the payment
 18 of the initial expenses of administration and operation of the gaming commission
 19 and the lottery department.

20 (2) After the transfer of any appropriated funds provided by subsection (1) of this
 21 section, the gaming commission shall be self-sustaining and self-funded and
 22 moneys in the state general fund shall not be used or obligated to pay the
 23 expenses of the gaming commission or the lottery department, or to pay prizes of
 24 the lottery and no claim for the payment of an expense of the lottery or prizes of
 25 the lottery shall be made against any moneys other than moneys credited to the
 26 agency operating account established by Section 17 of this Act.

27 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO

1 READ AS FOLLOWS:

2 Federally insured financial institutions may be utilized by the lottery department to
3 distribute lottery tickets to retailers.

4 →SECTION 20. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
5 READ AS FOLLOWS:

6 No person who receives goods, services, moneys, or rights having monetary value in
7 excess of fifty dollars (\$50) pursuant to any contract with the lottery department, and
8 no agent, officer, employee, shareholder, or partner of such person, shall pay money,
9 service, or other thing of value, to or for the benefit of, any agent, officer, employee of
10 the lottery department or the gaming commission, or to any person having the
11 authority to appoint or to confirm the appointment of any agent, officer, and employee
12 of the lottery department or the gaming commission on account of, in consideration
13 for, or to induce the lottery department to enter into the contract. This section shall not
14 apply to otherwise lawful contributions to political campaigns.

15 →SECTION 21. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
16 READ AS FOLLOWS:

17 (1) (a) The General Assembly hereby recognizes that to conduct a successful
18 lottery, the lottery department must develop and maintain a statewide
19 network of lottery retailers that will serve the public convenience or promote
20 the sale of tickets, while insuring the integrity of the lottery.

21 (b) To govern the selection of lottery retailers, the gaming commission shall, by
22 administrative regulation, develop a list of objective criteria upon which the
23 selection of lottery retailers shall be based. Separate criteria shall be
24 developed to govern the selection of retailers of instant tickets and on-line
25 retailers. In developing these criteria the gaming commission shall consider
26 such factors as the applicant's financial responsibility, security of the
27 applicant's place of business or activity, integrity, and reputation; however,

1 the board shall not consider political affiliation, activities, or monetary
2 contributions to political organizations or candidates for any public office.

3 The criteria shall include but not be limited to the following:

4 1. The applicant shall be current in payment of all taxes, interest, and
5 penalties owed to any taxing subdivision where the lottery retailer will
6 sell lottery tickets;

7 2. The applicant shall be current in filing all applicable tax returns and
8 in payment of all taxes, interest, and penalties owed to the
9 Commonwealth of Kentucky, excluding items under formal appeal
10 pursuant to applicable statutes;

11 3. No person, partnership, unincorporated association, corporation, or
12 other business entity shall be selected as a lottery retailer for the sale
13 of instant tickets or on-line games who:

14 a. Has been convicted of a felony related to the security or integrity
15 of the lottery in this or any other jurisdiction, unless at least ten
16 (10) years have passed since satisfactory completion of the
17 sentence or probation imposed by the court for each felony;

18 b. Has been convicted of any illegal gambling activity in this or any
19 other jurisdiction, unless at least ten (10) years have passed since
20 satisfactory completion of the sentence or probation imposed by
21 the court for each conviction;

22 c. Has been found to have violated the provisions of this chapter or
23 any administrative regulation adopted hereunder, unless at least
24 ten (10) years have passed since the violation;

25 d. Is a vendor or an employee or agent of any vendor doing
26 business with the corporation;

27 e. Resides in the same household as a member of the gaming

- 1 commission or an employee of the lottery department; or
- 2 f. Has made a statement of material fact to the lottery department,
- 3 knowing such statement to be false, unless at least ten (10) years
- 4 have passed since the statement was made;
- 5 4. Retailers shall be afforded the same exceptions to disqualification as
- 6 provided for vendors in subsection (4)(a) or (b) of Section 27 of this
- 7 Act;
- 8 5. In addition to the provisions of subsection (3) of this section, no
- 9 person, partnership, unincorporated association, corporation, or other
- 10 business entity shall be selected as an on-line lottery retailer who:
- 11 a. Has been denied a license to sell instant tickets on the basis of
- 12 objective criteria established by the gaming commission, or any
- 13 provision of this chapter; or
- 14 b. Has failed to sell sufficient instant tickets to indicate that the
- 15 location of an on-line game at his or her outlet would be of
- 16 economic benefit to him or her or the lottery department; and
- 17 6. The applicant shall not be engaged exclusively in the sale of lottery
- 18 tickets. However, this subparagraph does not preclude the lottery
- 19 department from contracting for the sale of lottery tickets with
- 20 nonprofit, charitable organizations or units of local government in
- 21 accordance with the provisions of this chapter.
- 22 (c) Persons applying to become lottery retailers shall be charged a uniform
- 23 application fee for each lottery outlet. Retailers chosen to participate in on-
- 24 line games shall be charged a uniform annual fee for each on-line outlet.
- 25 (d) Any lottery retailer contract executed pursuant to this section may, for good
- 26 cause, be suspended, revoked, or terminated by the lottery department if the
- 27 retailer is found to have violated any of the objective criteria established by

1 the gaming commission as provided in this subsection. Review of such
2 action shall be in accordance with the procedures outlined in Section 13 of
3 this Act. All lottery retailer contracts shall be renewable annually after
4 issuance unless sooner canceled or terminated.

5 (2) (a) A retailer who has been denied an on-line game for reasons other than
6 financial responsibility, security, or integrity shall be permitted to purchase
7 or lease the equipment necessary to operate such a game from the lottery
8 department in a manner consistent with the department's manner of
9 acquisition. A retailer need not file an appeal before being permitted to
10 purchase or lease on-line equipment.

11 (b) After one (1) year of operation, any retailer who purchased or leased on-
12 line equipment pursuant to paragraph (a) of this subsection and whose
13 sales are equal to or greater than the statewide average of sales of on-line
14 retailers, shall be reimbursed the cost of the purchase or lease by the lottery
15 department. The lottery department may purchase the terminals of other
16 retailers who purchased their equipment if the lottery department
17 determines that such purchase is in the best interest of the lottery.

18 (3) No lottery retailer contract awarded under this section shall be transferable or
19 assignable. No lottery retailer shall contract with any person for lottery goods or
20 services except with the approval of the lottery department.

21 (4) Each lottery retailer shall be issued a lottery retailer certificate which shall be
22 conspicuously displayed at the place where the lottery retailer is authorized to sell
23 lottery tickets. Lottery tickets shall only be sold by the retailer at the location
24 stated on the lottery retailer certificate.

25 (5) A member of the General Assembly who meets the same requirements as any
26 other applicant to be a retailer may be granted a retail contract to sell lottery
27 tickets or participate in any other lottery game operations. No member of the

1 General Assembly shall be entitled to preference over any other applicant for a
2 contract.

3 (6) For the convenience of the public, all retailers shall be authorized to pay winners
4 up to six hundred dollars (\$600) after the retailer performs validation procedures
5 appropriate to the lottery game involved. Lottery tickets shall be exempt from the
6 Kentucky sales tax.

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

9 (1) Any contract executed by the lottery department pursuant to this chapter shall
10 specify the reasons for which any contract may be suspended, revoked, or
11 terminated by the department, including but not limited to:

12 (a) Commission of a violation of this chapter or administrative regulations
13 adopted pursuant thereto;

14 (b) Failure to accurately account for lottery tickets, revenues, or prizes as
15 required by the corporation;

16 (c) Commission of any fraud, deceit, or misrepresentation;

17 (d) Insufficient sale of tickets;

18 (e) Conduct prejudicial to public confidence in the lottery;

19 (f) Any material change in any matter considered by the lottery department in
20 executing the contract with the retailer; and

21 (g) Failure to meet any of the objective criteria established by the gaming
22 commission pursuant to subsection (1) of Section 21 of this Act.

23 (2) (a) If, in the discretion of the lottery department, such denial, revocation,
24 suspension or rejection of renewal is in the best interests of the lottery, the
25 public welfare, or the Commonwealth of Kentucky, the lottery department
26 may suspend, revoke, or terminate, after notice and a hearing, any contract
27 issued pursuant to this chapter.

1 **(b) A contract may be temporarily suspended by the lottery department without**
2 **prior notice, pending any prosecution, hearing, or investigation, whether by**
3 **a third party or by the lottery department.**

4 **(c) A contract may be suspended, revoked, or terminated by the lottery**
5 **department for one (1) or more of the reasons enumerated in subsection (1)**
6 **of this section.**

7 ➔SECTION 23. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
8 READ AS FOLLOWS:

9 **(1) (a) All proceeds from the sale of lottery tickets received by a person in the**
10 **capacity of a lottery retailer shall constitute a trust fund until paid to the**
11 **lottery department either directly, or through the department's authorized**
12 **collection representative. Proceeds shall include:**

13 **1. Unsold instant tickets received by a lottery retailer;**

14 **2. Cash proceeds of sales of any lottery products, net of allowable sales**
15 **commissions; and**

16 **3. Credit for lottery prizes paid to winners by lottery retailers.**

17 **(b) Sales proceeds and unused instant tickets shall be delivered to the lottery**
18 **department or its authorized collection representative upon demand.**

19 **(c) The lottery department shall, by administrative regulation, require retailers**
20 **to place all lottery proceeds due the lottery department in accounts in**
21 **institutions insured by the Federal Deposit Insurance Corporation or**
22 **Federal Savings and Loan Insurance Corporation not later than the close**
23 **of the next banking day after the date of their collection by the retailer until**
24 **the date they are paid over to the lottery department.**

25 **(d) The lottery department may require a retailer to establish a single separate**
26 **electronic funds transfer account, where available, for the purpose of**
27 **receiving moneys from ticket sales, making payments to the lottery**

1 department, and receiving payments from the lottery department.

2 (e) Lottery retailers shall be personally liable for all proceeds.

3 This section shall apply to all lottery tickets generated by computer terminal,
4 other electronic device, and any other tickets delivered to lottery retailers.

5 (2) Whenever any person who receives proceeds from the sale of lottery tickets in the
6 capacity of a lottery retailer becomes insolvent, or dies insolvent, the proceeds due
7 the lottery department from such person or his estate shall have preference over
8 all debts or demands.

9 (3) (a) A lien is hereby given to the lottery department on all funds and other
10 personal property, on all real property, and on all rights to real or personal
11 property owned or subsequently acquired by each retailer in the amount of,
12 and to secure, the retailer's obligations to remit lottery proceeds to the
13 lottery department. The lien shall be in the amount of all sums due to the
14 lottery department at any time, together with all interest, penalties, fees,
15 commissions, charges, and other expenses incurred by reason of
16 nonpayment of the lottery proceeds to the lottery department or in the
17 process of collecting those proceeds, and shall have priority over any other
18 obligation or liability for which the funds or real or personal property are
19 liable. The lien shall be of equal rank with the tax liens of the state, or any
20 city, county, or other taxing authority within the state. The lien shall arise
21 upon the receipt of lottery proceeds by the retailer, whether or not the
22 retailer is at that time obligated to remit all or any portion of those proceeds
23 to the lottery department, and shall be enforceable until the liability is paid
24 or extinguished.

25 (b) The lien imposed by paragraph (a) of this subsection shall not be valid as
26 against any purchaser, judgment lien creditor, or holder of a security
27 interest or mechanic's lien until notice of the lottery department's lien has

1 been filed by the lottery department with the county clerk of any county or
 2 counties in which the retailer's business or residence is located, or in any
 3 county in which the retailer has an interest in property. The recording of
 4 the lien shall constitute notice of both the original obligation to the lottery
 5 department and all subsequent obligations to the lottery department of the
 6 same retailer. Upon request, the lottery department shall disclose the
 7 specific amount of liability at any given date to any interested party legally
 8 entitled to the information.

9 (c) Even though notice of a lien has been filed as provided by paragraph (b) of
 10 this subsection, and notwithstanding the provisions of KRS 382.520, the lien
 11 imposed by paragraph (a) of this subsection shall not be valid with respect
 12 to a security interest which comes into existence after the notice of lien has
 13 been filed by reason of disbursements made within forty-five (45) days after
 14 the date the lien was filed or the date the person making the disbursements
 15 had actual notice of the lien filing, whichever is earlier, if the security
 16 interest:

- 17 1. Is in property which at the time of filing is subject to the lien imposed
 18 by paragraph (a) of this subsection, and is covered by the terms of a
 19 written agreement entered into before the lien is filed; and
- 20 2. Is protected under local law against a judgment lien arising as of the
 21 time of the lien filing, out of an unsecured obligation.

22 (d) The lottery department shall be afforded the same rights and remedies with
 23 respect to enforcement of any lien and collection of lottery proceeds as is
 24 afforded state, county, city, and other taxing authorities by KRS Chapter
 25 134.

26 ➔SECTION 24. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
 27 READ AS FOLLOWS:

1 *If a lottery retailer's rental payments for the business premises are contractually*
2 *computed, in whole or in part, on the basis of a percentage of retail sales, and such*
3 *computation of retail sales is not explicitly defined to include sales of tickets in a state-*
4 *operated lottery, the compensation received by the lottery retailer from the lottery shall*
5 *be considered the amount of the retail sale for purposes of computing the rental*
6 *payment.*

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

9 *(1) No person shall sell a ticket at a price other than that established by the lottery*
10 *department, unless authorized in writing by the gaming commission. No person*
11 *other than a duly certified lottery retailer shall sell lottery tickets, except that*
12 *nothing in this chapter shall be construed to prevent a person who may lawfully*
13 *purchase tickets from making a gift of lottery tickets to another. Nothing in this*
14 *chapter shall be construed to prohibit the lottery department from designating*
15 *certain of its agents and employees to sell lottery tickets directly to the public.*

16 *(2) Lottery tickets may be given by merchants as a means of promoting goods or*
17 *services to customers or prospective customers subject to approval by the lottery*
18 *department.*

19 *(3) No lottery retailer shall sell a ticket away from the locations listed in his or her*
20 *contract.*

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

23 *(1) Except for lottery vending machines located in factories or lottery vending*
24 *machines located in package liquor stores, bars, or taverns to which persons*
25 *under the age of eighteen (18) are not permitted access, a lottery retailer shall*
26 *locate any vending machine from which lottery tickets are dispensed within the*
27 *sight of the employees of the lottery retailer.*

1 (2) The provisions of this section shall not apply to blind persons who operate
2 vending machines as a part of a program established by federal or state law.

3 ➔SECTION 27. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) (a) The lottery department may purchase, lease, or lease-purchase such goods
6 or services as are necessary for effectuating the purposes of this chapter.

7 (b) Applicable leases, purchases, and lease-purchases shall be reported to the
8 Capital Projects and Bond Oversight Committee for its review and
9 determination in accordance with the provisions of KRS 45.750 to 45.810.

10 (c) The lottery department shall not contract with any person or entity for the
11 total operation and administration of the state lottery, but may make
12 procurements which integrate functions such as:

13 1. Lottery game design;

14 2. Lottery ticket distribution to retailers;

15 3. Supply of goods and services; and

16 4. Advertising.

17 (d) In all procurement decisions, the lottery department shall take into account
18 the particularly sensitive nature of the state lottery and shall act to promote
19 and ensure security, honesty, fairness, and integrity in the operation and
20 administration of the lottery and the objectives of raising net proceeds for
21 the benefit of the public purpose described in this chapter.

22 (2) The lottery department shall investigate the financial responsibility, security, and
23 integrity of any person who submits a bid, proposal, or offer as part of a major
24 procurement. At the time of submitting such bid, proposal, or offer to the lottery
25 department, the department may require the following items:

26 (a) A disclosure of the vendor's name and address and, as applicable, the name
27 and address of the following:

- 1 1. If the vendor is a corporation, the officers, directors, and each
2 stockholder in such corporation; except that, in the case of owners of
3 equity securities of a publicly traded corporation, only the names and
4 addresses of those known to the corporation to own beneficially five
5 percent (5%) or more of such securities need be disclosed;
6 2. If the vendor is a trust, the trustee and all persons entitled to receive
7 income or benefit from the trust;
8 3. If the vendor is an association, the members, officers, and directors;
9 and
10 4. If the vendor is a partnership or joint venture, all of the general
11 partners, limited partners, or joint venturers;
12 (b) A disclosure of all the states and jurisdictions in which the vendor does
13 business, and the nature of the business for each such state or jurisdiction;
14 (c) A disclosure of all the states and jurisdictions in which the vendor has
15 contracts to supply gaming goods or services, including but not limited to
16 lottery goods and services, and the nature of the goods or services involved
17 for each such state or jurisdiction;
18 (d) A disclosure of all the states and jurisdictions in which the vendor has
19 applied for, has sought renewal of, has received, has been denied, has
20 pending, or has had revoked a gaming license of any kind, and the
21 disposition of such in each such state or jurisdiction. If any gaming license
22 has been revoked or has not been renewed or any gaming license
23 application has been either denied or is pending and has remained pending
24 for more than six (6) months, all of the facts and circumstances underlying
25 the failure to receive such a license shall be disclosed;
26 (e) A disclosure of the details of any finding of guilt, in a state or federal court,
27 against the vendor for any felony or any other criminal offense other than a

1 traffic violation;

2 (f) A disclosure of the details of any bankruptcy, insolvency, reorganization, or
3 any pending litigation of the vendor; and

4 (g) Such additional disclosures and information as the lottery department may
5 determine to be appropriate for the procurement involved. If the vendor
6 subcontracts any substantial portion of the work to be performed under the
7 contract to a subcontractor, the vendor shall disclose all of the information
8 required by this subsection for the subcontractor as if the subcontractor
9 were itself a vendor.

10 (3) A contract for a procurement with any vendor subject to subsection (2) of this
11 section who has not complied with the disclosure requirements described in
12 subsection (2) of this section shall not be entered into, and any contract with such
13 a vendor is unenforceable. Any contract with a vendor who does not comply with
14 such requirements for periodically updating such disclosures during the tenure of
15 contract as may be specified in such contract shall be terminated by the lottery
16 department. This subsection and subsection (2) of this section shall be construed
17 broadly and liberally to achieve the ends of full disclosure of all information
18 necessary to allow for a full and complete evaluation by the lottery department of
19 the competence, integrity, background and character of vendors for major
20 procurements.

21 (4) A contract shall not be entered into with any vendor who has been found guilty of
22 a felony committed within the preceding ten (10) years, unless the lottery
23 department determines that:

24 (a) 1. The vendor has been pardoned or the vendor's civil rights have been
25 restored; and

26 2. Subsequent to such findings of guilt the vendor has engaged in the
27 kind of law-abiding commerce and good citizenship that would reflect

1 well upon the integrity of the lottery; or

2 (b) If the vendor is a firm, association, partnership, trust, corporation or other
3 entity, the vendor has terminated its relationship with the individual whose
4 actions directly contributed to the vendor's guilt.

5 (5) Each vendor shall, at the execution of the contract with the lottery department,
6 post a performance bond or letter of credit from a bank acceptable to the lottery
7 department, in an amount equal to the full amount estimated to be paid annually
8 to the vendor under the contract. In lieu of the bond, a vendor may, to ensure the
9 faithful performance of its obligations, deposit and maintain with the State
10 Treasurer securities that are interest bearing or accruing and that, with the
11 exception of those specified in paragraph (a) or (b) of this subsection, are rated in
12 one (1) of the three (3) highest classifications by an established nationally
13 recognized investment rating service. Securities eligible under this subsection are
14 limited to:

15 (a) Certificates of deposit issued by solvent banks or savings associations
16 organized and existing under the laws of this state or under the laws of the
17 United States and having their principal place of business in this state;

18 (b) United States bonds, notes, and bills for which the full faith and credit of
19 the government of the United States is pledged for the payment of principal
20 and interest;

21 (c) General obligation bonds and notes of any political subdivision of the state;
22 and

23 (d) Corporate bonds of any corporation that is not an affiliate or subsidiary of
24 the depositor.

25 Such securities shall be held in trust and shall have at all times a market value at
26 least equal to the full amount estimated to be paid annually to the lottery vendor
27 under contract.

1 (6) Every contract entered into by the lottery department pursuant to this section
2 shall contain a provision for payment of liquidated damages to the lottery
3 department for any breach of contract by the vendor.

4 (7) Each vendor shall be qualified to do business in this state and shall file
5 appropriate tax returns as provided by the laws of this state. All contracts under
6 this section shall be governed by the laws of this state.

7 ➔SECTION 28. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
8 READ AS FOLLOWS:

9 (1) The Department of Kentucky State Police shall, at the request of the lottery
10 department, perform full criminal background investigations on all potential
11 vendors and potential employees of the lottery department. The lottery department
12 shall reimburse the Department of Kentucky State Police for the actual costs of
13 such investigations.

14 (2) The lottery department shall:

15 (a) Conduct criminal background investigations and credit investigations on all
16 potential retailers and investigate all potential employees of the lottery
17 department not referred to in subsection (1) of this section;

18 (b) Supervise ticket validation and lottery drawings;

19 (c) Inspect at times determined solely by the lottery department, the facilities of
20 any vendor in order to determine the integrity of the vendor's product and
21 in order to determine whether the vendor is in compliance with its contract;

22 (d) Report any suspected violations of this chapter to the appropriate
23 Commonwealth's attorney, or the Attorney General and law enforcement
24 agencies; and

25 (e) Upon request, provide assistance to any Commonwealth's attorney, the
26 Attorney General, or law enforcement agency investigating a violation of
27 this chapter.

1 ➔SECTION 29. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
2 READ AS FOLLOWS:

3 (1) (a) Any person who knowingly sells a lottery ticket to a person under eighteen
4 (18) years of age shall be guilty of a violation for the first offense and for
5 each subsequent offense shall be guilty of a Class B misdemeanor.

6 (b) Any lottery retailer who violates Section 26 of this Act shall be notified by
7 the lottery department in writing that the retailer shall have thirty (30) days
8 in which to correct the violation. If at the end of that thirty (30) day period
9 the violation is not corrected, the lottery department shall remove all lottery
10 vending machines from the retailer's premises.

11 (2) Any person who, with intent to defraud, falsely makes, alters, forges, utters,
12 passes, or counterfeits a state lottery ticket shall be guilty of a Class C felony.

13 (3) Any person who influences or attempts to influence the winning of a prize
14 through the use of coercion, fraud, deception, or tampering with lottery
15 equipment or materials shall be guilty of a Class B felony.

16 (4) Any person who violates subsection (2) of Section 12 of this Act shall be fined not
17 less than five thousand dollars (\$5,000) nor more than fifty thousand dollars
18 (\$50,000) and shall be guilty of a Class D felony.

19 (5) Any person who violates subsection (3) of Section 11 of this Act shall be guilty of
20 a Class D felony.

21 (6) Any person who violates subsection (4) of Section 11 of this Act shall be guilty of
22 a Class A misdemeanor.

23 (7) Any person, including any retailer and any officers, directors, or employees of a
24 corporate retailer, any general partner or employee of a retailer which is a
25 partnership or joint venture, or any owner or employee of a retailer which is a
26 sole proprietorship, who willfully violates subsection (1) of Section 23 of this Act
27 shall be fined not less than one thousand dollars (\$1,000) nor more than ten

1 thousand dollars (\$10,000) and shall be guilty of a Class D felony.

2 (8) Any person who violates subsection (1) of Section 25 of this Act for the first
3 offense shall be guilty of a violation and for each subsequent offense shall be
4 guilty of a Class B misdemeanor.

5 (9) Any person violating subsection (2) of Section 20 of this Act is guilty of a Class D
6 felony.

7 (10) Any person who knowingly provides false or intentionally misleading information
8 to the lottery department in connection with a background investigation prior to
9 employment pursuant to subsection (5) of Section 12 of this Act, an application
10 for a lottery retailer certificate under Section 21 of this Act, the corporation's
11 investigation of prospective vendors pursuant to Section 27 of this Act, or any
12 investigation by the lottery department shall be fined not less than one thousand
13 dollars (\$1,000) nor more than ten thousand dollars (\$10,000), and shall be guilty
14 of a Class D felony.

15 (11) Unless the lottery department shall have promulgated administrative regulations
16 governing its procurements under subsection (1) of Section 16 of this Act, the
17 provisions of subsections (1) to (7) of this section shall be deemed to apply to
18 procurement activities conducted under this chapter which are governed by KRS
19 Chapter 45A. If the lottery department has promulgated administrative
20 regulations governing its procurements, any person who willfully violates the
21 administrative regulations shall be guilty of a Class A misdemeanor.

22 ➔SECTION 30. A NEW SECTION OF KRS CHAPTER 239 IS CREATED TO
23 READ AS FOLLOWS:

24 On February 3, 2021:

25 (1) The racing department shall be established as an agency of the Kentucky Gaming
26 Commission.

27 (2) The Kentucky Horse Racing Commission shall be dissolved and all employees of

1 *the Kentucky Horse Racing Commission are transferred to the Kentucky Gaming*
 2 *Commission's racing department.*

3 ➔Section 31. KRS 230.210 is amended to read as follows:

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

- 5 (1) "Advance deposit account wagering" means a form of pari-mutuel wagering in
 6 which an individual may establish an account with a person or entity licensed by the
 7 racing *department*~~[commission]~~, and may place a pari-mutuel wager through that
 8 account that is permitted by law;
- 9 (2) "Advance deposit account wagering licensee" means a person or entity licensed by
 10 the racing *department*~~[commission]~~ to conduct advance deposit account wagering
 11 and accept deposits and wagers, issue a receipt or other confirmation to the account
 12 holder evidencing such deposits and wagers, and transfer credits and debits to and
 13 from accounts;
- 14 (3) "Appaloosa race" or "Appaloosa racing" means that form of horse racing in which
 15 each horse participating in the race is registered with the Appaloosa Horse Club of
 16 Moscow, Idaho, and is mounted by a jockey;
- 17 (4) "Arabian" means a horse that is registered with the Arabian Horse Registry of
 18 Denver, Colorado;
- 19 (5) "Association" means any person licensed by the *racing department of the Kentucky*
 20 *Gaming*~~[Kentucky Horse Racing]~~ Commission under KRS 230.300 and engaged in
 21 the conduct of a recognized horse race meeting;
- 22 (6) "Harness race" or "harness racing" means trotting and pacing races of the
 23 standardbred horses;
- 24 (7) "Horse race meeting" means horse racing run at an association licensed and
 25 regulated by the *racing department of the Kentucky Gaming*~~[Kentucky Horse~~
 26 ~~Racing]~~ Commission, and may include Thoroughbred, harness, Appaloosa, Arabian,
 27 paint, and quarter horse racing;

- 1 (8) "Host track" means the track conducting racing and offering its racing for intertrack
2 wagering, or, in the case of interstate wagering, means the Kentucky track
3 conducting racing and offering simulcasts of races conducted in other states or
4 foreign countries;
- 5 (9) "Intertrack wagering" means pari-mutuel wagering on simulcast horse races from a
6 host track by patrons at a receiving track;
- 7 (10) "Interstate wagering" means pari-mutuel wagering on simulcast horse races from a
8 track located in another state or foreign country by patrons at a receiving track or
9 simulcast facility;
- 10 (11) "Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund" means a
11 purse fund established to receive funds as specified in KRS 230.3771 for purse
12 programs established in KRS 230.446 to supplement purses for quarter horse, paint
13 horse, Appaloosa, and Arabian horse races. The purse program shall be
14 administered by the racine department of the Kentucky Gaming ~~[Kentucky Horse~~
15 ~~Racing]~~ Commission;
- 16 (12) "Kentucky resident" means:
- 17 (a) An individual domiciled within this state;
- 18 (b) An individual who maintains a place of abode in this state and spends, in the
19 aggregate, more than one hundred eighty-three (183) days of the calendar year
20 in this state; or
- 21 (c) An individual who lists a Kentucky address as his or her principal place of
22 residence when applying for an account to participate in advance deposit
23 account wagering;
- 24 (13) "Paint horse" means a horse registered with the American Paint Horse Association
25 of Fort Worth, Texas;
- 26 (14) "Principal" means any of the following individuals associated with a partnership,
27 trust, association, limited liability company, or corporation that is licensed to

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

1 230.380 to simulcast racing and conduct pari-mutuel wagering;

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

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

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

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

21 ➔Section 32. KRS 230.215 is amended to read as follows:

22 (1) It is the policy of the Commonwealth of Kentucky, in furtherance of its
23 responsibility to foster and to encourage legitimate occupations and industries in the
24 Commonwealth and to promote and to conserve the public health, safety, and
25 welfare, and it is hereby declared the intent of the Commonwealth to foster and to
26 encourage the horse breeding industry within the Commonwealth and to encourage
27 the improvement of the breeds of horses. Further, it is the policy and intent of the

1 Commonwealth to foster and to encourage the business of legitimate horse racing
2 with pari-mutuel wagering thereon in the Commonwealth on the highest possible
3 plane. Further, it hereby is declared the policy and intent of the Commonwealth that
4 all racing not licensed under this chapter is a public nuisance and may be enjoined
5 as such. Further, it is hereby declared the policy and intent of the Commonwealth
6 that the conduct of horse racing, or the participation in any way in horse racing, or
7 the entrance to or presence where horse racing is conducted, is a privilege and not a
8 personal right; and that this privilege may be granted or denied by the racing
9 department of the Kentucky Gaming Commission or its duly approved
10 representatives acting in its behalf.

11 (2) It is hereby declared the purpose and intent of this chapter in the interest of the
12 public health, safety, and welfare, to vest in the racing department~~commission~~
13 forceful control of horse racing in the Commonwealth with ~~plenary~~ power to
14 promulgate administrative regulations prescribing conditions under which all
15 legitimate horse racing and wagering thereon is conducted in the Commonwealth so
16 as to encourage the improvement of the breeds of horses in the Commonwealth, to
17 regulate and maintain horse racing at horse race meetings in the Commonwealth of
18 the highest quality and free of any corrupt, incompetent, dishonest, or unprincipled
19 horse racing practices, and to regulate and maintain horse racing at race meetings in
20 the Commonwealth so as to dissipate any cloud of association with the undesirable
21 and maintain the appearance as well as the fact of complete honesty and integrity of
22 horse racing in the Commonwealth. In addition to the general powers and duties
23 vested in the racing department~~commission~~ by this chapter, it is the intent hereby
24 to vest in the racing department~~commission~~ the power to eject or exclude from
25 association grounds or any part thereof any person, licensed or unlicensed, whose
26 conduct or reputation is such that his presence on association grounds may, in the
27 opinion of the racing department~~commission~~, reflect on the honesty and integrity

1 of horse racing or interfere with the orderly conduct of horse racing.

2 ➔Section 33. KRS 230.218 is amended to read as follows:

- 3 (1) There is established, under the jurisdiction of the *rac*~~ing department~~[Kentucky
4 ~~Horse Racing Commission]~~, the backside improvement fund. This revolving fund
5 shall consist of money allocated to the fund under the provisions of KRS 230.3615,
6 together with any other money which may be contributed to or allocated to the fund
7 from all other sources. Money to the credit of the backside improvement fund at the
8 end of each fiscal year shall not lapse but shall be carried forward in the fund to the
9 succeeding fiscal year. The *rac*~~ing department~~[Kentucky Horse Racing
10 ~~Commission]~~ may invest any and all funds received by the fund and interest earned
11 by the investment of said funds in types of investments appropriate to the
12 investment needs of the fund after having considered the financial return on
13 authorized investment alternatives, the financial safety of investment alternatives
14 and the impact of any authorized investments on the state's economy. The *rac*~~ing~~
15 ~~department~~[commission] shall review the status of the fund investments quarterly
16 and report its findings to the *Kentucky Gaming Commission, the* Finance and
17 Administration Cabinet and the Legislative Research Commission.
- 18 (2) The purpose of the fund shall be to improve the backside of Thoroughbred racing
19 associations averaging one million two hundred thousand dollars (\$1,200,000) or
20 less pari-mutuel handle per racing day on live racing. The *rac*~~ing~~
21 ~~department~~[Kentucky Horse Racing Commission] shall use the backside
22 improvement fund to promote, enhance, and improve the conditions of the backside
23 of eligible racing associations. Conditions considered shall include but not be
24 limited to the living and working quarters of backside employees.
- 25 (3) The *rac*~~ing department~~[Kentucky Horse Racing Commission] shall promulgate
26 administrative regulations as may be necessary to carry out the provisions and
27 purposes of this section.

1 →Section 34. KRS 230.230 is amended to read as follows:

2 (1) The *Kentucky Gaming Commission*~~[Governor]~~ shall appoint an executive director
3 who shall serve at the pleasure of the *gaming commission*~~[Governor]~~. The *gaming*
4 *commission*~~[Governor]~~ shall set the qualifications and salary for the position of
5 executive director pursuant to KRS 64.640. The executive director shall possess the
6 powers and perform the duties imposed upon him by the *gaming*
7 *commission*~~[Governor, and other duties as the racing commission may direct or~~
8 ~~prescribe]~~. The executive director shall:

- 9 (a) Be responsible for the day-to-day operations of the racing
10 *department*~~[commission]~~;
- 11 (b) Set up appropriate organizational structures and personnel policies for
12 approval by the *gaming*~~[racing]~~ commission;
- 13 (c) Appoint all staff;
- 14 (d) Prepare annual reports of the racing *department's*~~[commission's]~~ program of
15 work;
- 16 (e) Carry out policy and program directives of the *gaming*~~[racing]~~ commission;
- 17 (f) Prepare and submit to the *gaming*~~[racing]~~ commission for its approval the
18 proposed biennial budget of the racing *department*~~[commission]~~; and
- 19 (g) Perform all other duties and responsibilities assigned by law.

20 The executive director shall cause to be kept a full record of all proceedings before
21 the racing *department*~~[commission]~~ and shall preserve at its general office all
22 books, maps, records, documents, licenses, and other papers of the racing
23 *department*~~[commission]~~. All records of the racing *department*~~[commission]~~ shall
24 be open to inspection by the public during regular office hours. With approval of the
25 *gaming*~~[racing]~~ commission, the executive director may enter into agreements with
26 any state agency or political subdivision of the state, any postsecondary education
27 institution, or any other person or entity to enlist assistance to implement the duties

1 and responsibilities of the racing department~~[commission]~~.

2 (2) The executive director of the racing department~~[commission]~~ may employ, dismiss,
3 or take other personnel action concerning an assistant executive director,
4 stenographers, clerks, and other personnel as he or she may deem necessary to
5 efficiently operate the racing department's~~[commission's]~~ general office or any
6 branch thereof. The executive director of the racing department~~[commission]~~ shall
7 fix the compensation of all employees. Any~~[member of the racing commission or~~
8 ~~any]~~ employee referred to in this section shall be reimbursed for expenses paid or
9 incurred in the discharge of official business when approved by the executive
10 director of the racing department~~[commission]~~. The compensation of the employees
11 referred to in this section, except for the executive director, together with
12 reimbursement of expenses incurred by employees,~~[a member of the racing~~
13 ~~commission,]~~ or the executive director, shall be paid from racing
14 department~~[commission]~~ funds.

15 ➔Section 35. KRS 230.240 is amended to read as follows:

16 (1) In addition to the employees referred to in KRS 230.230, the executive director of
17 the racing department~~[commission]~~ may employ, dismiss, or take other personnel
18 action and determine the reasonable compensation of stewards, supervisors of
19 mutuels, veterinarians, inspectors, accountants, security officers, and other
20 employees deemed by the executive director to be essential at or in connection with
21 any horse race meeting and in the best interest of racing. Three (3) Thoroughbred
22 stewards shall be employed at each Thoroughbred race meeting. Two (2) stewards
23 shall be employed and compensated by the Commonwealth, subject to
24 reimbursement by the racing associations pursuant to subsection (3) of this section.
25 One (1) Thoroughbred steward shall be employed and compensated by the racing
26 association hosting the race meeting. Three (3) standardbred judges shall be
27 employed at each standardbred race meeting. Two (2) standardbred judges shall be

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

18 (2) The racing ~~department~~~~commission~~ shall promulgate administrative regulations for
19 effectively preventing the use of improper devices, and restricting or prohibiting the
20 use and administration of drugs or stimulants or other improper acts to horses prior
21 to the horse participating in a race. The racing ~~department~~~~commission~~ may
22 acquire, operate, and maintain, or contract for the maintenance and operation of, a
23 testing laboratory and related facilities, for the purpose of saliva, urine, or other
24 tests, and to purchase supplies and equipment for and in connection with the
25 laboratory or testing processes. The expense of the laboratory or other testing
26 processes, whether furnished by contract or otherwise, together with all supplies and
27 equipment used in connection therewith, shall be paid by the various associations

1 licensed under this chapter in the manner and in proportions as the racing
2 department~~[commission]~~ shall by administrative regulation provide.

3 (3) The compensation of the employees referred to in this section shall be paid by the
4 licensee conducting the horse race meeting in connection with which the employees
5 are utilized or employed. The salary of the executive director ~~of~~^{to} the racing
6 department~~[commission]~~ shall be prorated among and paid by the various
7 associations licensed under this chapter in the manner as the racing
8 department~~[commission]~~ shall, by administrative regulation, provide. Except for
9 the Thoroughbred steward and the standardbred judge authorized in subsection (1)
10 of this section, the employees referred to in this section shall be deemed employees
11 of the racing department~~[commission]~~, and are paid by the licensee or association
12 for convenience only.

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

17 ➔Section 36. KRS 230.250 is amended to read as follows:

18 When requested by the racing department~~[commission]~~, the Attorney General of
19 Kentucky, or an assistant Attorney General as he or she may designate, shall, without
20 additional compensation, advise the racing department~~[commission]~~ and represent it in
21 all legal proceedings.

22 ➔Section 37. KRS 230.260 is amended to read as follows:

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

26 (1) The racing department~~[commission]~~ is vested with jurisdiction and supervision
27 over all horse race meetings in this Commonwealth and over all associations and all

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

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

- 17 (a) A fee schedule for applications for licensure; and
18 (b) Reporting requirements to include quarterly reporting on:
19 1. The amount wagered on Kentucky races; and
20 2. The total amount wagered by Kentuckians;

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

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

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

1 assets and liabilities, and an earnings statement, together with a list of its
2 stockholders or other persons holding a beneficial interest in the association; and

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

7 ➔Section 38. KRS 230.265 is amended to read as follows:

8 (1) (a) There is hereby created a panel, to be known as the Kentucky Equine Drug
9 Research Council, to advise the racing department~~[commission]~~ on the
10 conduct of equine drug research and testing commissioned by the racing
11 department or the Kentucky Gaming~~[Horse Racing]~~ Commission.

12 (b) The council shall consist of nine (9) members appointed by the Governor. It is
13 recommended that the Governor appoint one (1) person from each of the
14 following groups, organizations, or professions:

- 15 1. A veterinarian, selected from a list of three (3) submitted by the
16 Kentucky Association of Equine Veterinarians;
- 17 2. A horseman, selected from a list of three (3) submitted by the Kentucky
18 division of the Horsemen's Benevolent and Protective Association;
- 19 3. A pharmacologist, selected from a list of three (3) submitted by the
20 University of Kentucky;
- 21 4. A Thoroughbred breeder, selected from a list of three (3) submitted by
22 the Kentucky Thoroughbred Owners and Breeders, Inc.;
- 23 5. A legislator, selected from a list of three (3) submitted by the Legislative
24 Research Commission;
- 25 6. A representative of a licensed racing association, chosen by the
26 Governor;
- 27 7. A member of the harness racing industry, selected from a list of three (3)

- 1 submitted by the chairman of the Kentucky Gaming~~[Horse Racing]~~
2 Commission;
- 3 8. A member selected from a list of three (3) submitted by the Kentucky
4 Harness Horsemen's Association; and
- 5 9. A member of the Kentucky Gaming~~[Horse Racing]~~ Commission,
6 selected from a list of three (3) submitted by the chairman of the
7 Kentucky Gaming~~[Horse Racing]~~ Commission, to serve as chairman.
- 8 (c) The council shall meet at the call of the chairman, a majority of the council, or
9 at the request of the racing department~~[commission]~~. Members shall serve at
10 the pleasure of their respective sponsoring organizations and shall receive no
11 compensation for serving.
- 12 (2) The Kentucky Equine Drug Research Council shall:
- 13 (a) Review equine drug research and testing research being conducted at the
14 University of Kentucky, or with state funds;
- 15 (b) Review and report to the racing department~~[commission]~~ on drug research
16 and testing research being conducted elsewhere;
- 17 (c) Advise the racing department~~[commission]~~ and make recommendations for
18 establishing an effective drug regulatory policy for Kentucky racing; and
- 19 (d) Report to the General Assembly any needed changes regarding the regulation
20 of drugs in horse racing in the Commonwealth of Kentucky.
- 21 (3) (a) The funds received by the racing department~~[commission]~~ pursuant to KRS
22 138.510 shall be used for financing:
- 23 1. Drug research;
- 24 2. Testing research;
- 25 3. Equine medical research;
- 26 4. Equine health research issues; and
- 27 5. Any regulatory or administrative activity of the racing

1 department~~[commission]~~ that is related to the research and issues
2 described in subparagraphs 1. to 4. of this paragraph. Any expenditure
3 under this subsection shall relate to the racing industry in Kentucky.

4 (b) In authorizing expenditures, the Kentucky Gaming Commission~~[council]~~ and
5 the racing department~~[commission]~~ shall give funding priority to the activities
6 described in this subsection which will take place, or are proposed to take
7 place, in Kentucky over similar activities taking place outside Kentucky.
8 However, expenditures under this subsection in furtherance of activities taking
9 place outside Kentucky may be approved if the Kentucky Gaming
10 Commission~~[council]~~ and the racing department~~[commission]~~ determine that
11 those expenditures will contribute to improvement in Kentucky's racing
12 industry and to the development of a useful knowledge base relating to the
13 subjects expressed in paragraph (a)1. to 5. of this subsection.

14 (c) The money received under this subsection shall be in addition to any funds
15 appropriated to the racing department~~[commission]~~ for these purposes in the
16 executive budget.

17 ➔Section 39. KRS 230.270 is amended to read as follows:

18 The racing department~~[commission]~~ shall biennially make a full report to the General
19 Assembly of its proceedings for the two-year period ending December 31 preceding the
20 meeting of the General Assembly and may embody in the report such suggestions and
21 recommendations as it deems desirable.

22 ➔Section 40. KRS 230.280 is amended to read as follows:

23 (1) No person shall hold or conduct any horse race meeting for any stake, purse, or
24 reward within the Commonwealth of Kentucky without securing the required
25 license from the racing department~~[commission]~~.

26 (2) The racing department~~[commission]~~ shall investigate the qualifications of each
27 applicant for a license to conduct a horse race meeting or the renewal of a license to

1 conduct a horse race meeting. The racing ~~department~~~~commission~~ may issue or
2 renew a license unless the racing ~~department~~~~commission~~ determines that:

3 (a) The track location, traffic flow, facilities for the public, and facilities for
4 racing participants and horses do not meet state code or are otherwise
5 inadequate to protect the public health and safety;

6 (b) The racing dates and times requested conflict with another race meeting of the
7 same breed of horse;

8 (c) The financing or proposed financing of the entire operation is not adequate for
9 the operation or is from an unsuitable source;

10 (d) The applicant or licensee has failed to disclose or has misstated information or
11 otherwise attempted to mislead the racing ~~department~~~~commission~~ with
12 respect to any material fact contained in the application for the issuance or
13 renewal of the license;

14 (e) The applicant has knowingly failed to comply with the provision of this
15 chapter or any administrative regulations promulgated thereunder;

16 (f) Any of the principals of the applicant or licensee is determined to be
17 unsuitable because he or she has:

18 1. Been convicted of any crime of moral turpitude, embezzlement, or
19 larceny, or any violation of any law pertaining to illegal gaming or
20 gambling, or any crime that is inimical to the declared policy of the
21 Commonwealth of Kentucky with regard to horse racing and pari-mutuel
22 wagering thereon;

23 2. Been convicted in any jurisdiction within ten (10) years preceding initial
24 licensing or license renewal of any crime that is or would be a felony or
25 class A misdemeanor in the Commonwealth of Kentucky;

26 3. Been identified in the published reports of any federal or state legislative
27 or executive body as being a member or associate of organized crime, or

- 1 of being of notorious or unsavory reputation;
- 2 4. Been placed and remains in the custody of any federal, state, or local law
- 3 enforcement authority;
- 4 5. Had a racing or gaming license revoked in another jurisdiction on
- 5 grounds that would have been grounds for revoking the license in
- 6 Kentucky; or
- 7 6. Engaged in any other activities that would pose a threat to the public
- 8 interest or to the effective regulation of horse racing and wagering in
- 9 Kentucky, or enhance the dangers of unsuitable, unfair, or illegal
- 10 practices, methods, and activities in the conduct of racing and wagering
- 11 or in the operation of the business and financial arrangements incidental
- 12 thereto; or
- 13 (g) The applicant or licensee has had a racing or gaming license denied or
- 14 revoked in another jurisdiction on grounds that would be grounds for license
- 15 denial or revocation in Kentucky.

16 ➔Section 41. KRS 230.290 is amended to read as follows:

17 All licenses granted under this chapter:

- 18 (1) Shall be in writing;
- 19 (2) Shall be subject to all administrative regulations and conditions as may from time to
- 20 time be prescribed by the racing department~~[commission]~~;
- 21 (3) Shall contain conditions as may be considered necessary or desirable by the racing
- 22 department~~[commission]~~ for purposes of this chapter; and
- 23 (4) No license shall extend beyond the end of the calendar year for which it was issued,
- 24 unless the license expires on the last date of the birth month of the licensee, in
- 25 which case it may expire on that date. The racing department~~[commission]~~ may
- 26 renew any license and any renewal shall not be construed to be a waiver or
- 27 condonement of any violation which occurred prior to renewal and shall not prevent

1 subsequent proceedings against the licensee therefor.

2 ➔Section 42. KRS 230.300 is amended to read as follows:

- 3 (1) Any person desiring to conduct horse racing at a horse race meeting within the
4 Commonwealth of Kentucky or to engage in simulcasting and intertrack wagering
5 as a receiving track during any calendar year shall first apply to the racing
6 ~~department~~~~commission~~ for a license to do so. The application shall be filed at the
7 racing ~~department's~~~~commission's~~ general office on or before October 1 of the
8 preceding year with respect to applications to conduct live horse race meetings, and
9 with respect to intertrack wagering dates, and on forms prescribed by the racing
10 ~~department~~~~commission~~. The application shall include the following information:
- 11 (a) The full name and address of the person making application;
 - 12 (b) The location of the place, track, or enclosure where the applicant proposes to
13 conduct horse racing meetings;
 - 14 (c) The dates on which the applicant intends to conduct horse racing, which shall
15 be successive days unless authorized by the racing ~~department~~~~commission~~;
 - 16 (d) The proposed hours of each racing day and the number of races to be
17 conducted;
 - 18 (e) The names and addresses of all principals associated with the applicant or
19 licensee;
 - 20 (f) The type of organizational structure under which the applicant operates, i.e.,
21 partnership, trust, association, limited liability company, or corporation, and
22 the address of the principal place of business of the organization;
 - 23 (g) Any criminal activities in any jurisdiction for which any individual listed
24 under paragraphs (a) and (e) has been arrested or indicted and the disposition
25 of the charges, and any current or on-going criminal investigation of which
26 any of these individuals is the subject; and
 - 27 (h) Any other information that the racing ~~department~~~~commission~~ by

1 administrative regulation deems relevant and necessary to determine the
2 fitness of the applicant to receive a license, including fingerprints of any
3 individual listed under paragraphs (a) and (e), if necessary for proper
4 identification of the individual or a determination of suitability to be
5 associated with a licensed racing association.

6 (2) An application for license shall be accompanied by the following documents:

7 (a) For a new license applicant, a financial statement prepared and attested to by a
8 certified public accountant in accordance with generally accepted accounting
9 principles, showing the following:

- 10 1. The net worth of the applicant;
- 11 2. Any debts or financial obligations owed by the applicant and the persons
12 to whom owed; and
- 13 3. The proposed or current financing structure for the operation and the
14 sources of financing.

15 (b) For a license renewal applicant, an audited financial statement for the prior
16 year;

17 (c) A copy of the applicant's federal and state tax return for the previous year. Tax
18 returns submitted in accordance with this provision shall be treated as
19 confidential;

20 (d) A statement from the Department of Revenue that there are no delinquent
21 taxes or other financial obligations owed by the applicant to the state or any of
22 its agencies or departments;

23 (e) A statement from the county treasurer of the county in which the applicant
24 conducts or proposes to conduct horse racing meetings that there are no
25 delinquent real or personal property taxes owed by the applicant.

26 (3) The completed application shall be signed by the applicant or the chief executive
27 officer if the applicant is an organization, sworn under oath that the information is

- 1 true, accurate, and complete, and the application shall be notarized.
- 2 (4) If there is any change in any information submitted in the application process, the
3 applicant or licensee shall notify the racing department~~[commission]~~ within thirty
4 (30) days of the change.
- 5 (5) The racing department~~[commission]~~ shall as soon as practicable, but in no event
6 later than November 1 in any calendar year, award dates for racing in the
7 Commonwealth during the next year. In awarding dates, the racing
8 department~~[commission]~~ shall consider and seek to preserve each track's usual and
9 customary dates, as these dates are requested. If dates other than the usual and
10 customary dates are requested, the applicant shall include a statement in its
11 application setting forth the reasons the requested dates are sought. Dates for the
12 conduct of intertrack wagering shall be awarded as provided in KRS 230.377. In the
13 event scheduled racing is canceled by reason of flood, fire, inclement weather, or
14 other natural disaster or emergency, the racing department~~[commission]~~ may award
15 after November 1 additional racing dates to make up for those dates canceled.
- 16 (6) The racing department~~[commission]~~ may issue a license to conduct a horse race
17 meeting to any association making the aforesaid application if the applicant meets
18 the requirements established in KRS 138.530 and other applicable provisions of this
19 chapter, and if the racing commission finds that the proposed conduct of racing by
20 the association would be in the best interest of the public health, safety, and welfare
21 of the immediate community as well as to the Commonwealth.
- 22 (7) As a condition precedent to the issuance of a license, the racing
23 department~~[commission]~~ may require a surety bond or other surety conditioned
24 upon the payment of all taxes due the Commonwealth, together with the payment of
25 operating expenses including purses and awards to owners of horses participating in
26 races.
- 27 (8) The racing department~~[commission]~~ may impose a fee and shall establish, by

1 administrative regulation promulgated in accordance with KRS Chapter 13A, a fee
2 schedule for association license applications.

3 (9) The racing department~~[commission]~~ may require an applicant for an association
4 license to submit to a background check of the applicant, or of any principal,
5 individual, or organization associated with the applicant. The racing
6 department~~[commission]~~ shall not require a background check for any individual
7 who is a principal as defined in KRS 230.210 but owns stock or financial interest in
8 the applicant of less than ten percent (10%). An applicant shall be required to
9 reimburse the racing department~~[commission]~~ for the cost of any background check
10 conducted.

11 (10) Every license issued under this chapter shall specify among other things the name of
12 the person to whom issued, the address and location of the track where the horse
13 race meeting to which it relates is to be held or conducted, and the days and hours
14 of the day when the meeting will be permitted; provided, however, that no track that
15 is granted overlapping dates for the conduct of a live race meeting with another
16 horse racing track within a fifty (50) mile radius shall be permitted to have a post
17 time after 5:30 p.m., prevailing time for overlapping days between July 1 and
18 September 15, unless agreed to in writing by the tracks affected.

19 (11) A license issued under this section is neither transferable nor assignable and shall
20 not permit the conduct of a horse race meeting at any track not specified therein.
21 However, if the track specified becomes unsuitable for racing because of flood, fire,
22 or other catastrophe, the racing department~~[commission]~~ may, upon application,
23 authorize the meeting, or any remaining portion thereof, to be conducted at any
24 other suitable track available for that purpose, provided that the owner of the track
25 willingly consents to the use thereof.

26 (12) Horse racing dates may be awarded and licenses issued authorizing horse racing on
27 any day of the year. Horse racing shall be held or conducted only between sunrise

1 and midnight.

2 (13) The racing department~~[commission]~~ may at any time require the removal of any
3 official or employee of any association in those instances where it has reason to
4 believe that the official or employee has been guilty of any dishonest practice in
5 connection with horse racing or has failed to comply with any condition of his or
6 her license or has violated any law or any administrative regulation of this racing
7 commission.

8 (14) Every horse race not licensed under this section is hereby declared to be a public
9 nuisance and the racing department~~[commission]~~ may obtain an injunction against
10 the same in the Circuit Court of the county where the unlicensed race is proposed to
11 take place.

12 ➔Section 43. KRS 230.310 is amended to read as follows:

13 (1) Every person not required to be licensed under KRS 230.300 who desires to
14 participate in horse racing in the Commonwealth as a horse owner, trainer, jockey,
15 apprentice jockey, agent, stable employee, racing official, association employee, or
16 employee of a person or concern contracting with the association to provide a
17 service or commodity and which requires their presence on association grounds
18 during a race meeting, or veterinarian, farrier, horse dentist, or supplier of food,
19 tack, medication, or horse feed, or in any other capacity as the racing
20 department~~[commission]~~ shall from time to time establish by administrative
21 regulation, shall first apply to the racing department~~[commission]~~ for a license to
22 participate in the activity on association grounds during a race meeting. No person
23 required to be licensed by this section may participate in any activity required to be
24 licensed on association grounds during a race meeting without a valid license
25 therefor. An applicant for a license shall submit to the racing
26 department~~[commission]~~ fingerprints as may be required and other information
27 necessary and reasonable for processing a license application. The racing

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

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

18 ➔Section 44. KRS 230.320 is amended to read as follows:

19 (1) Every license granted under this chapter is subject to denial, revocation, or
20 suspension, and every licensee or other person participating in Kentucky horse
21 racing may be assessed an administrative fine and required to forfeit or return a
22 purse, by the racing department~~[commission]~~ in any case where it has reason to
23 believe that any provision of this chapter, administrative regulation, or condition of
24 the racing department~~[commission]~~ affecting it has not been complied with or has
25 been broken or violated. The racing department~~[commission]~~ may deny, revoke, or
26 suspend a license for failure by the licensee or other person participating in
27 Kentucky horse racing to pay an administrative fine imposed upon the licensee by

1 the stewards or the racing department~~[commission]~~. The racing
2 department~~[commission]~~, in the interest of honesty and integrity of horse racing,
3 may promulgate administrative regulations under which any license may be denied,
4 suspended, or revoked, and under which any licensee or other person participating
5 in Kentucky horse racing may be assessed an administrative fine or required to
6 forfeit or return a purse.

- 7 (2) (a) Following a hearing by the stewards, a person who has been disciplined by a
8 ruling of the stewards may apply to the racing department~~[commission]~~ for a
9 stay of the ruling, pending action on an appeal by the Kentucky
10 Gaming~~[racing]~~ Commission.
- 11 (b) An application for a stay shall be received by the executive director or his
12 designee within ten (10) calendar days of the issuance of the stewards' ruling.
- 13 (c) An application for a stay shall be in writing and include the following:
- 14 1. The name, address, telephone number, and signature of the person
15 requesting the stay;
 - 16 2. A statement of the justification for the stay; and
 - 17 3. The period of time for which the stay is requested.
- 18 (d) On a finding of good cause, the executive director or his designee may grant
19 the stay. The executive director or his designee shall issue a written decision
20 granting or denying the request for stay within five (5) calendar days from the
21 time the application for stay is received by the executive director or his
22 designee. If the executive director or his designee fails to timely issue a
23 written decision, then the stay is deemed granted. The executive director or his
24 designee may rescind a stay granted under this subsection for good cause.
- 25 (e) A person who is denied a stay by the executive director or his designee, or has
26 a previously granted stay rescinded under paragraph (d) of this subsection,
27 may petition the Kentucky Gaming~~[racing]~~ Commission to overrule the

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

15 (f) A person who is denied or has a previously granted stay rescinded by the
16 Kentucky Gaming~~[racing]~~ Commission may file an appeal of the final written
17 order of the Kentucky Gaming~~[racing]~~ Commission in the Circuit Court of
18 the county in which the cause of action 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 is assessed an administrative fine or required
23 to forfeit or return a purse, after a hearing by the stewards or by the racing
24 department~~[commission]~~ acting on a complaint or by its own volition, the racing
25 department~~[commission]~~ shall grant the applicant, licensee, or other person the
26 right to appeal the decision, and upon appeal, an administrative hearing shall be
27 conducted in accordance with KRS Chapter 13B.

1 (4) The racing department~~[commission]~~ may at any time order that any case pending
2 before the stewards be immediately transferred to the racing
3 department~~[commission]~~ for an administrative hearing conducted in accordance
4 with KRS Chapter 13B.

5 (5) (a) In an administrative appeal to the racing department~~[commission]~~ by a
6 licensee or other person participating in Kentucky horse racing, the racing
7 department~~[commission]~~ may determine in its final order that the appeal is
8 frivolous. If the racing department~~[commission]~~ finds that an appeal is
9 frivolous:

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

18 (b) The racing department~~[commission]~~ shall by administrative regulation
19 prescribe the conditions or factors by which an appeal may be determined to
20 be frivolous.

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

23 ➔Section 45. KRS 230.330 is amended to read as follows:

24 Any licensee or any applicant aggrieved by any final order of the Kentucky
25 Gaming~~[racing]~~ Commission may appeal to the Franklin Circuit Court in accordance
26 with KRS Chapter 13B.

27 ➔Section 46. KRS 230.361 is amended to read as follows:

- 1 (1) The racing department~~[commission]~~ shall promulgate administrative regulations
2 governing and regulating mutuel wagering on horse races under what is known as
3 the pari-mutuel system of wagering. The wagering shall be conducted only by a
4 person licensed under this chapter to conduct a race meeting and only upon the
5 licensed premises. The pari-mutuel system of wagering shall be operated only by a
6 totalizator or other mechanical equipment approved by the racing
7 department~~[commission]~~. The racing department~~[commission]~~ shall not require
8 any particular make of equipment.
- 9 (2) The operation of a pari-mutuel system for betting where authorized by law shall not
10 constitute grounds for the revocation or suspension of any license issued and held
11 under KRS 242.1238 and 243.265.
- 12 (3) All reported but unclaimed pari-mutuel winning tickets held in this state by any
13 person or association operating a pari-mutuel or similar system of betting at horse
14 race meetings shall be presumed abandoned if not claimed by the person entitled to
15 them within one (1) year from the time the ticket became payable.
- 16 (4) The racing department~~[commission]~~ may issue a license to conduct pari-mutuel
17 wagering on steeple chases or other racing over jumps; if all proceeds from the
18 wagering, after expenses are deducted, is used for charitable purposes. If the dates
19 requested for such a license have been granted to a track within a forty (40) mile
20 radius of the race site, the racing department~~[commission]~~ shall not issue a license
21 until it has received written approval from the affected track. Pari-mutuel wagering
22 licensed and approved under this subsection shall be limited to four (4) days per
23 year. All racing and wagering authorized by this subsection shall be conducted in
24 accordance with applicable administrative regulations promulgated by the racing
25 department~~[commission]~~.
- 26 ➔Section 47. KRS 230.3615 is amended to read as follows:
- 27 (1) The racing department~~[commission]~~, including the tax levied in KRS 138.510,

1 deducted from the gross amount wagered by the association which operates a race
2 track under the jurisdiction of the racine department~~[Kentucky Horse Racing~~
3 ~~Commission]~~ and conducts the Thoroughbred racing at which betting is conducted
4 through a pari-mutuel or other similar system, in races where the patron is required
5 to select one (1) horse, and the breaks, which breaks shall be made and calculated to
6 the dime, shall not be more than sixteen percent (16%) at the discretion of those
7 tracks averaging over one million two hundred thousand dollars (\$1,200,000) in on-
8 track pari-mutuel handle per day of live racing conducted by the association. The
9 commission at those tracks averaging one million two hundred thousand dollars
10 (\$1,200,000) or less in on-track pari-mutuel handle per day of live racing conducted
11 by the association, at the discretion of such track, shall not be more than seventeen
12 and one-half percent (17.5%) in races where the patron is required to select one (1)
13 horse, and the breaks, which breaks shall be made and calculated to the dime.

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

1 conducts Thoroughbred racing at which betting is conducted through a pari-mutuel
2 or other similar system shall not exceed twenty-two percent (22%) of the gross
3 handle in races where the patron is required to select two (2) or more horses, and the
4 breaks, which breaks shall be made and calculated to the dime.

5 (3) The minimum wager to be accepted by any licensed association shall be ten cents
6 (\$0.10). The minimum pay-off on a one dollar (\$1) wager shall be one dollar and
7 ten cents (\$1.10); but, in the event of a minus pool, the minimum pay-off for a one
8 dollar (\$1) wager shall be one dollar and five cents (\$1.05).

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

15 ➔Section 48. KRS 230.362 is amended to read as follows:

16 Any person holding unclaimed pari-mutuel winning tickets presumed abandoned under
17 the provisions of KRS 230.361 shall file annually, on or before September 1 of each year,
18 with the office of the racing department~~commission~~ a list of and the amounts
19 represented by unclaimed pari-mutuel tickets held by such person as of July 1, and other
20 information as the racing department~~commission~~ may require for the administration of
21 KRS 230.361 to 230.373. The report shall be made in duplicate; the original shall be
22 retained by the racing department~~commission~~ and the copy shall be mailed to the
23 sheriff of the county where the unclaimed pari-mutuel tickets are held. It shall be the duty
24 of the sheriff to post for not less than twenty (20) consecutive days a copy of the report on
25 the courthouse door or the courthouse bulletin board, and to publish the copy in the
26 manner set forth by KRS Chapter 424. The cost of the publication shall be paid by the
27 racing department~~commission~~. The sheriff shall immediately certify in writing to the

1 racing department~~[commission]~~ the dates when the list was posted and published. The
2 list shall be posted and published as required on or before October 1 of the year when it is
3 made, and such posting and publishing shall be constructive notice to all holders of pari-
4 mutuel tickets which have remained unclaimed for a period of one (1) year from the time
5 the ticket became payable.

6 →Section 49. KRS 230.363 is amended to read as follows:

7 Any person who has made a report of unclaimed pari-mutuel tickets to the racing
8 department~~[commission]~~ as required by KRS 230.362 shall, between November 1 and
9 November 15 of each year, turn over to the racing department~~[commission]~~ the sum
10 represented by the unclaimed pari-mutuel tickets so reported; but if the person making the
11 report or the owner of the unclaimed pari-mutuel ticket certifies to the racing
12 department~~[commission]~~ by sworn statement that any or all of the statutory conditions
13 necessary to create a presumption of abandonment no longer exists or never did exist, or
14 shall certify existence of any fact or circumstance in which there is substantial evidence to
15 rebut such presumption, then, the person reporting the unclaimed pari-mutuel tickets or
16 holding the sum represented by the unclaimed pari-mutuel tickets as reported shall not be
17 required to turn over said sum to the racing department~~[commission]~~ except upon order
18 of court. If the holder of any unclaimed pari-mutuel ticket files an action in court claiming
19 the sum which has been reported under the provisions of KRS 230.362, the person
20 reporting or holding the sum represented by said unclaimed pari-mutuel ticket shall be
21 under no duty while any such action is pending to turn over said sum to the racing
22 department~~[commission]~~, but shall have the duty of notifying the racing
23 department~~[commission]~~ of the pendency of such action.

24 →Section 50. KRS 230.364 is amended to read as follows:

25 Any person holding an unclaimed pari-mutuel ticket or any person holding the sum
26 represented by an unclaimed pari-mutuel ticket, or any claimant thereto shall have the
27 right to a judicial determination of his rights under KRS 230.361 to 230.373 and nothing

1 therein shall be construed otherwise; and the racing department~~[commission]~~ may
2 institute an action to recover the sum represented by the unclaimed pari-mutuel tickets
3 which are presumed abandoned whether said sum has been reported or not and may
4 include in one (1) petition the sum represented by all the unclaimed pari-mutuel tickets as
5 defined herein within the jurisdiction of the court in which the action is brought.

6 →Section 51. KRS 230.365 is amended to read as follows:

7 Any person who pays the sum represented by the unclaimed pari-mutuel tickets to the
8 racing department~~[commission]~~ under KRS 230.363 is relieved of all liability for the
9 value of said unclaimed pari-mutuel tickets for any claim made in respect of said
10 unclaimed pari-mutuel tickets.

11 →Section 52. KRS 230.366 is amended to read as follows:

12 Any person claiming an interest in any unclaimed pari-mutuel ticket which has been paid
13 or surrendered to the racing department~~[commission]~~ in accordance with KRS 230.361 to
14 230.373 may file his claim to it at any time after it was paid to the racing
15 department~~[commission]~~.

16 →Section 53. KRS 230.367 is amended to read as follows:

17 The racing department~~[commission]~~ shall consider any claim or defense permitted to be
18 filed before the racing department~~[commission]~~ and hear the evidence concerning it. If
19 the claimant establishes his claim, the racing department~~[commission]~~ shall, when the
20 time for appeal or other legal procedure has expired, authorize payment to him of a sum
21 equal to the amount of his claim paid to the racing department~~[commission]~~ in
22 accordance with KRS 230.361 to 230.373. The decision shall be in writing and shall state
23 the substance of the evidence heard by the racing department~~[commission]~~, if a transcript
24 is not kept. The decision shall be a matter of public record.

25 →Section 54. KRS 230.368 is amended to read as follows:

26 (1) Any person dissatisfied with the decision of the racing department~~[commission]~~
27 under KRS 230.367 may appeal to the Kentucky Gaming Commission for an

1 *administrative hearing in accordance with KS Chapter 13B.*

2 *(2) Any person dissatisfied with the decision of the Kentucky Gaming Commission*
3 *may appeal to the* Franklin Circuit Court in accordance with the provisions of KRS
4 Chapter 13B.

5 ➔Section 55. KRS 230.369 is amended to read as follows:

6 The racing *department*~~[commission]~~, through its employees, may examine all records of
7 any person where there is reason to believe that there has been or is a failure to report
8 unclaimed pari-mutuel tickets.

9 ➔Section 56. KRS 230.370 is amended to read as follows:

10 The racing *department*~~[commission]~~ may promulgate any reasonable and necessary
11 administrative regulation for the enforcement of the provisions of this chapter and the
12 conduct of hearings held before it.

13 ➔Section 57. KRS 230.371 is amended to read as follows:

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

21 ➔Section 58. KRS 230.372 is amended to read as follows:

22 Any payments made to any persons claiming an interest in an unclaimed pari-mutuel
23 ticket, and any necessary expense including, but not limited to, administrative costs,
24 advertising costs, court costs and attorney's fees, required to be paid by the racing
25 *department*~~[commission]~~ in administering or enforcing the provisions of KRS 230.361 to
26 230.373 shall be deducted from sums received by the racing *department*~~[commission]~~
27 prior to payment to the Kentucky Racing Health and Welfare Fund.

1 ➔Section 59. KRS 230.374 is amended to read as follows:

2 (1) All sums reported and paid to the racing ~~department~~~~commission~~ under the
3 provisions of KRS 230.361 to 230.373, with the exception of funds paid under KRS
4 230.398, shall be paid by the racing ~~department~~~~commission~~ to the Kentucky
5 Racing Health and Welfare Fund, Inc., a nonprofit charitable corporation, organized
6 for the benefit, aid, assistance, and relief of Thoroughbred owners, trainers, jockeys,
7 valets, exercise riders, grooms, stable attendants, pari-mutuel clerks, and other
8 Thoroughbred racing personnel employed in connection with racing, and their
9 spouses and children, who can demonstrate their need for financial assistance
10 connected with death, illness, or off-the-job injury and are not otherwise covered by
11 union health and welfare plans, workers' compensation, Social Security, public
12 welfare, or any type of health, medical, death, or accident insurance.

13 (2) These sums shall be paid on or before December 31 in each year, however, no
14 payments shall be made by the racing ~~department~~~~commission~~ to the Kentucky
15 Racing Health and Welfare Fund, Inc., unless the racing ~~department~~~~commission~~
16 and the Auditor of Public Accounts are satisfied that the fund is in all respects being
17 operated for the charitable and benevolent purposes as set forth in this section and
18 that no part of the funds paid to the fund by the racing ~~department~~~~commission~~ or
19 any net earnings of the fund inure to the benefit of any private individual, director,
20 officer, or member of the fund or any of the persons who turned over sums to the
21 racing ~~department~~~~commission~~ representing unclaimed pari-mutuel tickets.

22 ➔Section 60. KRS 230.375 is amended to read as follows:

23 (1) The board of directors of the Kentucky Racing Health and Welfare Fund, Inc., may
24 create and fund the Kentucky Race Track Retirement Plan. The board shall use no
25 more than twenty-five percent (25%) of the annual sum paid by the racing
26 ~~department~~~~commission~~ under KRS 230.361 to 230.373 to fund the plan.

27 (2) The plan shall be provided for the benefit of Thoroughbred trainers, assistant

1 trainers, exercise riders, grooms, stable attendants, and other stable employees who
2 can demonstrate that they are not otherwise eligible to participate in any other
3 private or public, nonself-funded retirement or pension plan.

4 (3) The Kentucky Race Track Retirement Plan shall be administered by the board of
5 directors of the Kentucky Racing Health and Welfare Fund, Inc., for the charitable
6 and benevolent purposes set forth in KRS 230.374, and no part of the sums
7 administered by the fund for the plan or any net earnings of the plan shall inure to
8 the benefit of any private individual, director, officer, or member of the fund, or any
9 of the persons who paid sums to the racing ~~department~~commission under the
10 provisions of KRS 230.361 to 230.373.

11 (4) The board of directors of the Kentucky Racing Health and Welfare Fund, Inc., shall
12 be the trustee of the plan's funds and shall have full power to invest and reinvest
13 funds. Investments shall be diversified to balance the risks associated with various
14 investment options to maintain the long-term solvency of the plan. The board shall
15 have full power to hold, purchase, sell, assign, transfer, or dispose of any of the
16 investments in which any of the plan's funds have been invested, as well as of the
17 proceeds of investments belonging to the plan. The board members or any
18 investment manager shall discharge their duties with respect to the assets of the plan
19 solely in the interest of the plan's members and:

- 20 (a) For the exclusive purposes of providing benefits to plan members and their
21 beneficiaries and defraying reasonable expenses of administering the plan;
- 22 (b) With the care, skill, prudence, and diligence under the circumstances that a
23 prudent person acting in a like capacity and familiar with these matters would
24 use in the conduct of an enterprise of a like character and with like aims; and
- 25 (c) In accordance with any other laws or instruments governing the administration
26 of the plan's funds.

27 ➔Section 61. KRS 230.3751 is amended to read as follows:

1 The Governor of this Commonwealth is authorized and directed to execute a compact on
2 behalf of the Commonwealth with any of the United States, the District of Columbia, the
3 Commonwealth of Puerto Rico, and each territory or possession of the United States,
4 legally joining therein in the form substantially as follows:

5 ARTICLE I

6 PURPOSES

7 SECTION 1. Purposes.

8 The purposes of this compact are to:

- 9 1. Establish uniform requirements among the party states for the licensing of
10 participants in live racing with pari-mutuel wagering, and ensure that all such
11 participants who are licensed pursuant to this compact meet a uniform minimum
12 standard of honesty and integrity.
- 13 2. Facilitate the growth of the pari-mutuel racing industry in each party state and
14 nationwide by simplifying the process for licensing participants in live racing, and
15 reduce the duplicative and costly process of separate licensing by the regulatory
16 agency in each state that conducts live racing with pari-mutuel wagering.
- 17 3. Authorize the Kentucky ~~Gaming~~~~Horse Racing~~ Commission to participate in this
18 compact.
- 19 4. Provide for participation in this compact by officials of the party states, and permit
20 those officials, through the compact committee established by this compact, to enter
21 into contracts with governmental agencies and nongovernmental persons to carry
22 out the purposes of this compact.
- 23 5. Establish the compact committee created by this compact as an interstate
24 governmental entity duly authorized to request and receive criminal history record
25 information from the Federal Bureau of Investigation and other state and local law
26 enforcement agencies.

27 ARTICLE II

1 DEFINITIONS

2 SECTION 2. Definitions.

3 "Compact committee" means the organization of officials from the party states that is
4 authorized and empowered by this compact to carry out the purposes of this compact.

5 "Official" means the appointed, elected, designated or otherwise duly selected member of
6 a racing commission or the equivalent thereof in a party state who represents that party
7 state as a member of the compact committee.

8 "Participants in live racing" means participants in live racing with pari-mutuel wagering
9 in the party states.

10 "Party state" means each state that has enacted this compact.

11 "State" means each of the several states of the United States, the District of Columbia, the
12 Commonwealth of Puerto Rico and each territory or possession of the United States.

13 ARTICLE III

14 ENTRY INTO FORCE, ELIGIBLE PARTIES AND WITHDRAWAL

15 SECTION 3. Entry into force.

16 This compact shall come into force when enacted by any four (4) states. Thereafter, this
17 compact shall become effective as to any other state upon both (i) that state's enactment
18 of this compact and (ii) the affirmative vote of a majority of the officials on the compact
19 committee as provided in Section 8.

20 SECTION 4. States eligible to join compact.

21 Any state that has adopted or authorized live racing with pari-mutuel wagering shall be
22 eligible to become party to this compact.

23 SECTION 5. Withdrawal from compact and impact thereof on force and effect of
24 compact.

25 Any party state may withdraw from this compact by enacting a statute repealing this
26 compact, but no such withdrawal shall become effective until the head of the executive
27 branch of the withdrawing state has given notice in writing of such withdrawal to the

1 head of the executive branch of all other party states. If as a result of withdrawals
2 participation in this compact decreases to less than three (3) party states, this compact no
3 longer shall be in force and effect unless and until there are at least three (3) or more party
4 states again participating in this compact.

5 ARTICLE IV

6 COMPACT COMMITTEE

7 SECTION 6. Compact committee established.

8 There is hereby created an interstate governmental entity to be known as the "compact
9 committee," which shall be comprised of one (1) official from the racing commission or
10 its equivalent in each party state who shall be appointed, serve and be subject to removal
11 in accordance with the laws of the party state he represents. Pursuant to the laws of his
12 party state, each official shall have the assistance of his state's racing commission or the
13 equivalent thereof in considering issues related to licensing of participants in live racing
14 and in fulfilling his responsibilities as the representative from his state to the compact
15 committee. If an official is unable to perform any duty in connection with the powers and
16 duties of the compact committee, the racing commission or equivalent thereof from his
17 state shall designate another of its members as an alternate who shall serve in his place
18 and represent the party state as its official on the compact committee until that racing
19 commission or equivalent thereof determines that the original representative official is
20 able once again to perform his duties as that party state's representative official on the
21 compact committee. The designation of an alternate shall be communicated by the
22 affected state's racing commission or equivalent thereof to the compact committee as the
23 committee's bylaws may provide.

24 SECTION 7. Powers and duties of compact committee.

25 In order to carry out the purposes of this compact, the compact committee is hereby
26 granted the power and duty to:

- 27 1. Determine which categories of participants in live horse racing, including but not

1 limited to owners, trainers, jockeys, grooms, mutuel clerks, racing officials,
2 veterinarians, and farriers, and which categories of equivalent participants in dog
3 racing and other forms of live racing with pari-mutuel wagering authorized in two
4 (2) or more of the party states, should be licensed by the committee, and establish
5 the requirements for the initial licensure of applicants in each such category, the
6 term of the license for each category, and the requirements for renewal of licenses in
7 each category. Provided, however, that with regard to requests for criminal history
8 record information on each applicant for a license, and with regard to the effect of a
9 criminal record on the issuance or renewal of a license, the compact committee shall
10 determine for each category of participants in live racing which licensure
11 requirements for that category are, in its judgment, the most restrictive licensure
12 requirements of any party state for that category and shall adopt licensure
13 requirements for that category that are, in its judgment, comparable to those most
14 restrictive requirements.

15 2. Investigate applicants for a license from the compact committee and, as permitted
16 by federal and state law, gather information on such applicants, including criminal
17 history record information from the Federal Bureau of Investigation and relevant
18 state and local law enforcement agencies, and, where appropriate, from the Royal
19 Canadian Mounted Police and law enforcement agencies of other countries,
20 necessary to determine whether a license should be issued under the licensure
21 requirements established by the committee as provided in paragraph 1 above. Only
22 officials on, and employees of, the compact committee may receive and review such
23 criminal history record information, and those officials and employees may use that
24 information only for the purposes of this compact. No such official or employee
25 may disclose or disseminate such information to any person or entity other than
26 another official on or employee of the compact committee. The fingerprints of each
27 applicant for a license from the compact committee shall be taken by the compact

- 1 committee, its employees, or its designee and, pursuant to Public Law 92-544 or
2 Public Law 100-413, shall be forwarded to a state identification bureau, or to an
3 association of state officials regulating pari-mutuel wagering designated by the
4 Attorney General of the United States, for submission to the Federal Bureau of
5 Investigation for a criminal history record check. Such fingerprints may be
6 submitted on a fingerprint card or by electronic or other means authorized by the
7 Federal Bureau of Investigation or other receiving law enforcement agency.
- 8 3. Issue licenses to, and renew the licenses of, participants in live racing listed in
9 paragraph 1 of this section who are found by the committee to have met the
10 licensure and renewal requirements established by the committee. The compact
11 committee shall not have the power or authority to deny a license. If it determines
12 that an applicant will not be eligible for the issuance or renewal of a compact
13 committee license, the compact committee shall notify the applicant that it will not
14 be able to process his application further. Such notification does not constitute and
15 shall not be considered to be the denial of a license. Any such applicant shall have
16 the right to present additional evidence to, and to be heard by, the compact
17 committee, but the final decision on issuance or renewal of the license shall be
18 made by the compact committee using the requirements established pursuant to
19 paragraph 1 of this section.
- 20 4. Enter into contracts or agreements with governmental agencies and with
21 nongovernmental persons to provide personal services for its activities and such
22 other services as may be necessary to effectuate the purposes of this compact.
- 23 5. Create, appoint, and abolish those offices, employments, and positions, including an
24 executive director, as it deems necessary for the purposes of this compact, prescribe
25 their powers, duties and qualifications, hire persons to fill those offices,
26 employments and positions, and provide for the removal, term, tenure,
27 compensation, fringe benefits, retirement benefits and other conditions of

1 employment of its officers, employees and other positions.

2 6. Borrow, accept, or contract for the services of personnel from any state, the United
3 States, or any other governmental agency, or from any person, firm, association,
4 corporation or other entity.

5 7. Acquire, hold, and dispose of real and personal property by gift, purchase, lease,
6 license, or in other similar manner, in furtherance of the purposes of this compact.

7 8. Charge a fee to each applicant for an initial license or renewal of a license.

8 9. Receive other funds through gifts, grants and appropriations.

9 SECTION 8. Voting requirements.

10 A. Each official shall be entitled to one (1) vote on the compact committee.

11 B. All action taken by the compact committee with regard to the addition of party
12 states as provided in Section 3, the licensure of participants in live racing, and the
13 receipt and disbursement of funds shall require a majority vote of the total number
14 of officials (or their alternates) on the committee. All other action by the compact
15 committee shall require a majority vote of those officials (or their alternates) present
16 and voting.

17 C. No action of the compact committee may be taken unless a quorum is present. A
18 majority of the officials (or their alternates) on the compact committee shall
19 constitute a quorum.

20 SECTION 9. Administration and management.

21 A. The compact committee shall elect annually from among its members a chairman, a
22 vice chairman, and a secretary/treasurer.

23 B. The compact committee shall adopt bylaws for the conduct of its business by a two-
24 thirds (2/3) vote of the total number of officials (or their alternates) on the
25 committee at that time and shall have the power by the same vote to amend and
26 rescind these bylaws. The committee shall publish its bylaws in convenient form
27 and shall file a copy thereof and a copy of any amendments thereto with the

1 Secretary of State or equivalent agency of each of the party states.

2 C. The compact committee may delegate the day-to-day management and
3 administration of its duties and responsibilities to an executive director and his
4 support staff.

5 D. Employees of the compact committee shall be considered governmental employees.

6 SECTION 10. Immunity from liability for performance of official responsibilities and
7 duties.

8 No official of a party state or employee of the compact committee shall be held personally
9 liable for any good faith act or omission that occurs during the performance and within
10 the scope of his responsibilities and duties under this compact.

11 ARTICLE V

12 RIGHTS AND RESPONSIBILITIES OF EACH PARTY STATE

13 SECTION 11. Rights and responsibilities of each party state.

14 A. By enacting this compact, each party state:

15 1. Agrees (i) to accept the decisions of the compact committee regarding the
16 issuance of compact committee licenses to participants in live racing pursuant
17 to the committee's licensure requirements, and (ii) to reimburse or otherwise
18 pay the expenses of its official representative on the compact committee or his
19 alternate.

20 2. Agrees not to treat a notification to an applicant by the compact committee
21 under paragraph 3 of Section 7 that the compact committee will not be able to
22 process his application further as the denial of a license, or to penalize such an
23 applicant in any other way based solely on such a decision by the compact
24 committee.

25 3. Reserves the right (i) to charge a fee for the use of a compact committee
26 license in that state, (ii) to apply its own standards in determining whether, on
27 the facts of a particular case, a compact committee license should be

1 suspended or revoked, (iii) to apply its own standards in determining licensure
2 eligibility, under the laws of that party state, for categories of participants in
3 live racing that the compact committee determines not to license and for
4 individual participants in live racing who do not meet the licensure
5 requirements of the compact committee, and (iv) to establish its own licensure
6 standards for the licensure of nonracing employees at pari-mutuel racetracks
7 and employees to separate satellite wagering facilities. Any party state that
8 suspends or revokes a compact committee license shall, through its racing
9 commission or the equivalent thereof or otherwise, promptly notify the
10 compact committee of that suspension or revocation.

11 B. No party state shall be held liable for the debts or other financial obligations
12 incurred by the compact committee.

13 ARTICLE VI

14 CONSTRUCTION AND SEVERABILITY

15 SECTION 12. Construction and severability.

16 This compact shall be liberally construed so as to effectuate its purposes. The provisions
17 of this compact shall be severable, and, if any phrase, clause, sentence, or provision of
18 this compact is declared to be contrary to the Constitution of the United States or of any
19 party state, or the applicability of this compact to any government, agency, person or
20 circumstance is held invalid, the validity of the remainder of this compact and the
21 applicability thereof to any government, agency, person or circumstance shall not be
22 affected thereby. If all or some portion of this compact is held to be contrary to the
23 constitution of any party state, the compact shall remain in full force and effect as to the
24 remaining party states and in full force and effect as to the state affected as to all
25 severable matters.

26 ➔Section 62. KRS 230.3761 is amended to read as follows:

27 The Governor of this Commonwealth is authorized and directed to execute a compact on

1 behalf of the Commonwealth with any of the United States, the District of Columbia, the
2 Commonwealth of Puerto Rico, and each territory or possession of the United States,
3 legally joining therein in the form substantially as follows:

4 ARTICLE I

5 PURPOSES

6 The purposes of this compact are:

- 7 (A) To enable member states to act jointly and cooperatively to create more uniform,
8 effective, and efficient practices, programs, rules, and regulations relating to live
9 pari-mutuel horse or greyhound racing and to pari-mutuel wagering activities, both
10 on-track and off-track, that occur in or affect a member state;
- 11 (B) To facilitate the health and growth of the industry by simplifying the process of
12 participating in live horse and greyhound racing and pari-mutuel wagering,
13 improving the quality and integrity of racing and wagering, more effectively
14 regulating simulcast and wagering systems and activities, and through cooperative
15 action reducing the costs incurred by each member state or participant;
- 16 (C) To authorize the Kentucky Gaming~~[Horse Racing]~~ Commission to participate in
17 this compact;
- 18 (D) To permit officials from the member states to participate in this compact and,
19 through the compact commission established by this compact, to enter into contracts
20 with governmental agencies and other persons to carry out the purposes of this
21 compact; and
- 22 (E) To establish the compact commission created by this compact as an interstate
23 governmental entity duly authorized to request and to receive criminal history
24 record information from the Federal Bureau of Investigation and from state, local,
25 and foreign law enforcement agencies.

26 ARTICLE II

27 DEFINITIONS

1 For the purposes of this compact, the following terms shall have the following meaning:

2 (A) "Commissioner" means the chairperson of the member state racing commission, or
3 such person's designee, who represents the member state as a voting member of the
4 compact commission and anyone who is serving as such person's alternate;

5 (B) "Compact commission" means the organization of officials from the member states
6 that is authorized and empowered by this compact to carry out the purposes of this
7 compact;

8 (C) "Compact rule" means a rule or regulation adopted by a member state through the
9 compact to govern, for two (2) or more member states, any part of live pari-mutuel
10 horse and greyhound racing or pari-mutuel wagering activities, whether on-track or
11 off-track, that occur in or affect such states;

12 (D) "Live racing" means live horse or greyhound racing with pari-mutuel wagering;

13 (E) "Member state" means each state that has enacted this compact;

14 (F) "National industry stakeholder" means a non-governmental organization that the
15 compact commission determines from a national perspective significantly
16 represents one (1) or more categories of participants in live racing and pari-mutuel
17 wagering;

18 (G) "Participants in live racing and pari-mutuel wagering" means all persons who
19 participate in, operate, provide industry services for, or are involved with live racing
20 and pari-mutuel wagering;

21 (H) "State" means each of the several states of the United States, the District of
22 Columbia, the Commonwealth of Puerto Rico, and each territory or possession of
23 the United States; and

24 (I) "State racing commission" means the state racing commission, or its equivalent, in
25 each member state. Where a member state has more than one (1), it shall mean all
26 such racing commissions, or their equivalents.

27

ARTICLE III

1 COMPOSITION AND MEETINGS OF COMPACT COMMISSION

2 The member states shall create and participate in a compact commission as follows:

- 3 (A) This compact shall come into force when enacted by any six (6) eligible states, and
4 shall thereafter become effective as to any other member state that enacts this
5 compact. Any state that has adopted or authorized pari-mutuel wagering or live
6 horse or greyhound racing shall be eligible to become a party to this compact. A
7 compact rule, fee, practice, or program shall not become effective in a new member
8 state based merely upon it entering the compact.
- 9 (B) The member states hereby create the racing and wagering commission, a body
10 corporate and an interstate governmental entity of the member states, to coordinate
11 the decision-making and actions of each member state racing commission through a
12 compact commission.
- 13 (C) The compact commission shall consist of one (1) commissioner, the chairperson of
14 the state racing commission or such person's designee, from each member state.
15 When a commissioner is not present to perform any duty in the compact
16 commission, a designated alternate may serve instead. The person who represents a
17 member state in the compact commission shall serve and perform such duties
18 without compensation or remuneration; provided that, subject to the availability of
19 budgeted funds, each may be reimbursed for ordinary and necessary costs and
20 expenses. The designation of a commissioner, including the alternate, shall be
21 effective when written notice has been provided to the compact commission. The
22 commissioner, including the alternate, must be a member or employee of the state
23 racing commission.
- 24 (D) The compact commissioner from each state shall participate as an agent of the state
25 racing commission. Each commissioner shall have the assistance of the state racing
26 commission in regard to all decision making and actions of the state in and through
27 the compact commission.

- 1 (E) Each member state, by its commissioner, shall be entitled to one (1) vote in the
2 compact commission. A majority vote of the total number of commissioners shall
3 be required to issue or renew a license, to receive and distribute any funds, and to
4 adopt, amend, or rescind the by-laws. A compact rule, fee, practice, or program
5 shall take effect in and for each member state whose commissioner votes
6 affirmatively to adopt it. Other compact actions shall require a majority vote of the
7 commissioners who are meeting.
- 8 (F) Meetings and votes of the compact commission may be conducted in person or by
9 telephone or other electronic communication. Meetings may be called by the
10 chairperson of the compact commission or by any two (2) commissioners.
11 Reasonable notice of each meeting shall be provided to all commissioners serving
12 in the compact commission.
- 13 (G) No action may be taken at a compact commission meeting unless there is a quorum,
14 which is either a majority of the commissioners in the compact commission or,
15 where applicable, all the commissioners from any member states who propose or
16 are voting affirmatively to adopt a compact rule, fee, practice, or program.
- 17 (H) Once effective, the compact shall continue in force and remain binding according to
18 its terms upon each member state; provided that, a member state may withdraw
19 from the compact by repealing the statute that enacted the compact into law. The
20 racing commission of a withdrawing state shall give written notice of such
21 withdrawal to the compact chairperson, who shall notify the member state racing
22 commissions. A withdrawing state shall remain responsible for any unfulfilled
23 obligations and liabilities. The effective date of withdrawal from the compact shall
24 be the effective date of the repeal.

ARTICLE IV

OPERATION OF COMPACT COMMISSION

27 The compact commission is hereby granted, so that it may be an effective means to

1 pursue and achieve the purposes of each member state in this compact, the power and
2 duty:

- 3 (A) To adopt, amend, and rescind by-laws to govern its conduct, as may be necessary or
4 appropriate to carry out the purposes of the compact; to publish them in a
5 convenient form; and to file a copy of them with the state racing commission of
6 each member state;
- 7 (B) To elect annually from among the commissioners (including alternates) a
8 chairperson, vice-chairperson, and treasurer with such authority and duties as may
9 be specified in the by-laws;
- 10 (C) To establish and appoint committees which it deems necessary for the carrying out
11 of its functions, including advisory committees which shall be comprised of
12 national industry stakeholders and organizations, and such other persons as may be
13 designated in accordance with the by-laws, to obtain their timely and meaningful
14 input into the compact rule, fee, practice, and program making processes;
- 15 (D) To establish an executive committee, with membership established in the by-laws,
16 which shall oversee the day-to-day activities of compact administration and
17 management by the executive director and staff; hire and fire as may be necessary
18 after consultation with the compact commission; administer and enforce compliance
19 with the provisions, by-laws, rules, fees, practices, and programs of the compact;
20 and perform such other duties as the by-laws may establish;
- 21 (E) To create, appoint, and abolish all those offices, employments, and positions,
22 including an executive director, useful to fulfill its purposes; to hire persons for
23 them; to prescribe their powers, duties, and qualifications; and to provide for their
24 term, tenure, removal, compensation, fringe and retirement benefits, and other
25 conditions of employment;
- 26 (F) To delegate day-to-day management and administration of its duties, as needed, to
27 an executive director and support staff, such as the Association of Racing

- 1 Commissioners International, Inc., or its successor;
- 2 (G) To adopt an annual budget sufficient to provide for the payment of the reasonable
3 expenses of its establishment, organization, and ongoing activities. The budget shall
4 be fully funded by means established by the compact commission. A member state
5 may choose to participate in funding by means other than a compact fee or fees, in
6 which case the compact commission shall make a finding of how much the member
7 state, including its racing and wagering, may benefit from budget items (less
8 program costs funded by user fees); and the member state may provide such funding
9 by its own means. Indivisible benefits to live racing shall be allocated by proportion
10 of annual purses. Nothing in this provision shall prevent the compact commission
11 from paying obligations accrued in a prior year or from revising its finding of the
12 benefit to a member state from the preceding year; and
- 13 (H) To provide a mediation and a binding dispute resolution service for member states
14 who decide to use them to resolve a compact dispute among each other; provided,
15 that the design and implementation of each program shall be established by compact
16 rule making.

17 ARTICLE V

18 GENERAL POWERS AND DUTIES

19 To allow each member state, as and when it chooses, to achieve the purpose of this
20 compact through joint and cooperative action, the member states are hereby granted the
21 power and duty, by and through the compact commission:

- 22 (A) To act jointly and cooperatively to create a more equitable and uniform pari-mutuel
23 racing and wagering interstate regulatory framework, including but not limited to
24 the adoption of standardized rules of racing and equine drug regulations, closing
25 inequalities in how regulatory standards and statutory requirements apply to
26 industry participants; improving wagering monitoring and integrity; and making
27 industry and participant information more available to government officials;

- 1 (B) To collaborate with national industry stakeholders and industry organizations, such
2 as the Racing Medication and Testing Consortium, in the design and
3 implementation of compact rules, fees, practices, and programs in a manner that
4 serves the best interests of racing;
- 5 (C) To create more uniform, effective, or efficient practices and programs, with the
6 consent of each member state that shall participate in them, relating to any part of
7 live pari-mutuel horse or greyhound racing or pari-mutuel wagering activities,
8 whether on-track or off-track, that occur in or affect a member state;
- 9 (D) To adopt compact rules, which shall have the force and effect of state rules or
10 regulations in the member states who vote to adopt them, to govern all or any part
11 of live pari-mutuel horse and greyhound racing or pari-mutuel wagering activities;
- 12 (E) To charge and collect a fee for services provided by the compact, including
13 licensure and renewal of each license applicant, and for defraying the actual cost of
14 compact commission administration, procedures, activities and programs; and
- 15 (F) To issue and renew licenses for participants in live racing and pari-mutuel wagering
16 who are found by the compact commission to have met its licensure or renewal
17 requirements in categories it chooses to license. It shall establish the term for each
18 category, and the license criteria and weight given to character and integrity
19 information that in its judgment meet the most restrictive requirements of the
20 member states. The compact commission shall not have the power or authority to
21 deny a license. If it determines that an applicant will not be eligible, it shall notify
22 the applicant that it will not be able to process the application any further, which
23 shall not constitute and shall not be considered to be the denial of a license.
24 Although an applicant shall have the right to present further evidence and to be
25 heard, the final decision on issuance or renewal of a license shall be made by the
26 compact commission pursuant to its established requirements. The compact
27 commission shall have the power and duty to investigate license applicants and, as

1 permitted by federal and state law, to gather information, including criminal history
2 records from the Federal Bureau of Investigation and from state, local, and foreign
3 country law enforcement agencies (including the Royal Canadian Mounted Police),
4 necessary to decide whether an applicant meets its license requirements. Such
5 criminal history record information may be received and reviewed only by the
6 officials on, and employees of, the compact commission, and that information may
7 be used only for the purposes of this compact. No such official or employee may
8 disclose or disseminate such criminal history record information to any person or
9 entity other than another official on, or employee of, the compact commission. The
10 compact commission, its employees, or its designee shall take the fingerprints of
11 each license applicant and, pursuant to Public Law 92-544 or Public Law 100-413,
12 forward the fingerprints to a state identification bureau, the Association of Racing
13 Commissioners International (an association of state officials regulating pari-mutuel
14 wagering, designated by the Attorney General of the United States), or another
15 entity with an equivalent designation, for submission to the Federal Bureau of
16 Investigation or other receiving law enforcement agency. The compact commission
17 shall cooperate with the Interstate Compact on Licensure of Participants in Live
18 Racing with Pari-Mutuel Wagering and, if requested by that entity, assume all of its
19 licensing and employer duties and responsibilities with the authority of and pursuant
20 to all of the licensing standards, laws, rules and regulations applicable to that entity.

21 ARTICLE VI

22 OTHER POWERS AND DUTIES

23 The compact commission may exercise such incidental powers and duties as may be
24 necessary and proper for it to function in a useful manner, including but not limited to the
25 power and duty:

- 26 (A) To enter into contracts and agreements with governmental agencies and other
27 persons, including officers and employees of a member state, to provide personal

- 1 services for its activities and such other services as may be necessary;
- 2 (B) To borrow, accept, and contract for the services of personnel from any state, federal,
3 or other governmental agency, or from any other person or entity;
- 4 (C) To receive information from and to provide information to each member state
5 racing commission, including its officers and staff, on such terms and conditions as
6 may be established in the by-laws;
- 7 (D) To acquire, hold, and dispose of any real or personal property by gift, grant,
8 purchase, lease, license, and similar means and to receive additional funds through
9 gifts, grants, and appropriations;
- 10 (E) To purchase and maintain insurance and bonds, and to require others to do so;
- 11 (F) When authorized by a compact rule, to conduct hearings, issue subpoenas requiring
12 the attendance and testimony of witnesses and the production of evidence, and
13 render decisions and orders;
- 14 (G) To establish in the by-laws the requirements that shall describe and govern its duties
15 to conduct open or public meetings and to provide public access to compact records
16 and information, which shall include the exceptions established by law in one (1) or
17 more member states and shield any confidential submissions made in connection
18 with license applications; and
- 19 (H) To enforce compliance with the provisions, by-laws, rules, fees, practices, and
20 programs of the compact using such means as may be consistent with this compact.

21 ARTICLE VII

22 COMPACT RULE MAKING

23 In the exercise of its rule making authority, the compact commission shall:

- 24 (A) Engage in formal rule making pursuant to a process that substantially conforms to
25 the Model State Administrative Procedure Act of 1981 as amended, as may be
26 appropriate to the actions and operations of the compact commission;
- 27 (B) Gather information and engage in discussions with advisory committees, national

1 industry stakeholders, and others to foster and conduct a collaborative approach in
2 the design and advancement of compact rules in a manner that serves the best
3 interests of racing and as established in the by-laws;

4 (C) Not publish a proposed compact rule in a member state over its objection. The
5 affirmative vote of a member state for a proposed compact rule shall be necessary
6 and sufficient to adopt, amend, or rescind a compact rule as applicable to that
7 member state; and

8 (D) Have a standing committee that reviews at least quarterly the participation in and
9 value of compact rules and, when it determines that a revision is appropriate or
10 when requested to by any member state, submits a revising proposed compact rule.
11 To the extent a revision would only add or remove a member state or states from
12 where a compact rule has been adopted, the vote required by this article shall be
13 required of only such state or states.

14 ARTICLE VIII

15 COMPACT FEES

16 (A) The compact commission may charge and collect a fee for services provided by the
17 compact, including licensure and renewal of each license applicant, and for
18 defraying the actual cost of compact commission administration, procedures,
19 activities, and programs; provided that such latter fee or fees shall not create a
20 disproportionate cost for any member state.

21 (B) Compact fees must relate to participation in live horse or greyhound racing and
22 pari-mutuel wagering activities, whether on-track or off-track, that occur in or affect
23 a member state. No fee shall be adopted except after consultation with relevant
24 advisory committees and interested national industry stakeholders.

25 (C) The establishment of a compact fee may include a requirement that a participant in
26 live horse or greyhound racing with pari-mutuel wagering, as a condition of
27 continued participation, collect, hold, and remit to the compact commission funds

1 that belong to a third party, with which it conducts related transactions, that is
2 obliged to pay the compact fee.

3 (D) The compact commission may require fee payments to occur on a periodic basis,
4 accompanied by a sworn report attesting to accuracy and completeness, and may
5 provide that it shall have the power to examine the books and records of any
6 persons required to pay or remit it, for the purpose of ascertaining whether the
7 proper amounts are being paid. Such books and records shall not thereby be made
8 available for public inspection.

9 (E) No fee shall be adopted before the completion of a period of public notice and
10 participation substantially conforming, as may be appropriate to the actions and
11 operations of the compact commission, for making rules under the Model State
12 Administrative Procedure Act of 1981 as amended.

13 ARTICLE IX

14 STATUS AND RELATIONSHIP TO MEMBER STATES

15 (A) The compact commission, as an interstate governmental entity, shall be exempt
16 from all taxation in and by the member states.

17 (B) The compact commission shall not pledge the credit of any member state except by
18 and with the appropriate legal authority of that state.

19 (C) The compact commission shall adopt an annual budget that is sufficient to provide
20 for the payment of the reasonable expenses of its establishment, organization, and
21 ongoing activities, and by which member states shall fully fund the compact
22 commission by the means set forth in this compact.

23 (D) Each member state shall reimburse or otherwise pay the expenses of its
24 commissioner, including any alternate, in the compact commission.

25 (E) No member state, except as provided in Article XII of this compact, shall be held
26 liable for the debts or other financial obligations incurred by the compact
27 commission.

- 1 (F) No member state shall have, while it participates in the compact commission, any
2 claim to or ownership of any property held by or vested in the compact commission
3 or to any compact commission funds held pursuant to this compact except for state
4 license or other fees or moneys collected by the compact commission as its agent.
- 5 (G) The compact dissolves upon the date of the withdrawal of the member state that
6 reduces membership in the compact to one (1) state. Upon dissolution, the compact
7 becomes null and void and shall be of no further force or effect, although rules and
8 programs adopted through this compact shall remain rules and programs in each
9 member state that had adopted or consented to them, and the business and affairs of
10 the racing and wagering compact shall be concluded and any surplus funds shall be
11 distributed to the former member states in accordance with the by-laws.

12 ARTICLE X

13 RIGHTS AND RESPONSIBILITIES OF MEMBER STATES

- 14 (A) Each member state in the compact shall accept the decisions, duly applicable to it,
15 of the compact commission in regard to compact rules, fees, practices, and
16 programs, and the issuance or renewal of licenses.
- 17 (B) When the compact commission determines that an application shall not be
18 processed further, the member states shall not treat this as the denial of a license or
19 otherwise penalize the applicant because of such action by the compact
20 commission.
- 21 (C) Each member state in the compact shall have and exercise the right:
- 22 (1) To charge a fee for the use of a compact license within that member state
23 equal to the fee charged for a comparable state license;
- 24 (2) To apply its own standards and procedures to determine whether the use of a
25 compact commission license should be suspended or revoked in its
26 jurisdiction;
- 27 (3) To apply its own standards for licensure or renewal of state applicants who do

1 not meet the licensure requirements of the compact commission, who are
2 within a category of participants in racing and wagering that the compact
3 commission does not license, or who apply to the member state for a state
4 license; and

5 (4) To apply its own standards and procedures, except as may be provided by rule,
6 to determine whether a participant in live racing or pari-mutuel wagering has
7 violated any rule or regulation in its jurisdiction and to impose an appropriate
8 penalty.

9 (D) Each member state racing commission shall promptly notify the compact
10 commission, or its designee, whenever the member state has adjudged a violation of
11 any state or compact rule and imposed a suspension or revocation upon a compact
12 commission licensee.

13 (E) All departments, agencies, bodies, officers, and employees of each member state
14 and its political subdivisions are authorized to cooperate with the compact
15 commission and shall take all necessary and appropriate action, such as to publish
16 proposed and adopted rules in state registries and administrative codes, to effectuate
17 and in furtherance of compact duties or actions that may affect the state.

18 (F) This compact shall not be construed to diminish or limit the powers and
19 responsibilities of the member state racing commission, or to invalidate any action
20 it has previously taken, except to the extent it has, by its compact commissioner,
21 expressed its consent to a specific rule or other action of the compact commission.
22 The compact commissioner from each state shall serve as the agent of the state
23 racing commission and shall possess substantial racing and wagering knowledge
24 and experience as a regulator or participant in the racing and wagering industry in
25 order to participate effectively in compact rule making.

26 ARTICLE XI

27 ENFORCEMENT OF COMPACT

- 1 (A) Any member state in the compact and the compact commission may initiate legal
2 action in the United States District Court, in any federal district where the compact
3 commission has an office, to enforce compliance by any member state or the
4 compact commission with the compact provisions, by-laws, fees, findings,
5 practices, and programs.
- 6 (B) Any member state in the compact and the compact commission may initiate legal
7 action, in any state or federal court, to enforce the compact provisions, fees,
8 practices, and programs against any person, including a non-member state or
9 political subdivision. Member states that benefit from the compact commission, its
10 employees, or one (1) of its provisions, by-laws, fees, findings, practices, or
11 programs shall provide or share in the cost of legal services to defend or uphold
12 them.
- 13 (C) The compact commission shall have standing to intervene in any legal action that
14 pertains to the subject matter of the compact and might affect its powers, duties, or
15 actions.
- 16 (D) The courts and executive in each member state shall enforce the compact and take
17 all actions necessary and appropriate to effectuate its purposes and intent. Compact
18 provisions, by-laws, and rules shall be received by all judges, departments,
19 agencies, bodies, and officers of each member state and its political subdivisions as
20 evidence of them.
- 21 (E) The compact commission may require, from the date a compact fee was required to
22 be paid, interest not to exceed the rate of one percent (1%) per month and a penalty
23 not to exceed five percent (5%). The compact commission may, if it determines that
24 any fees received by it were paid in error, and provided that an application for it is
25 filed with the compact commission within one (1) year from the time the erroneous
26 payment is made, correct the error by a refund, without interest, including from
27 other collected fees.

1 (F) The compact commission, if it determines that a payment or report is in error, may
2 make a finding that fixes the correct amount of the fee. It must issue the finding
3 within three (3) years from when a fee or report was due or filed. The finding shall
4 be final and conclusive unless an application for a hearing is filed by the subject
5 within thirty (30) days. The action of the compact commission in making a final
6 finding, after a hearing, shall be reviewable in state court as provided in this
7 compact.

8 ARTICLE XII

9 LEGAL ACTIONS AGAINST COMPACT

10 (A) Any person may commence a claim, action, or proceeding against the compact
11 commission in state court for damages or to challenge a compact rule, fee, practice,
12 or program that is duly applicable to that state. The compact commission shall have
13 the benefit of the same limits of liability, defenses, rights to indemnity and defense
14 by the state, and other legal rights and defenses for non-compact matters of the state
15 racing commission in the state. All legal rights and defenses that arise from this
16 compact shall also be available to the compact commission.

17 (B) A compact commissioner, alternate, or other member or employee of a state racing
18 commission who undertakes compact activities or duties does so in the course of
19 business of their state racing commission, and shall have the benefit of the same
20 limits of liability, defenses, rights to indemnity and defense by the state, and other
21 legal rights and defenses for noncompact matters of state employees in their state.
22 The executive director and other employees of the compact commission shall have
23 the benefit of these same legal rights and defenses of state employees in the member
24 state in which they are primarily employed. All legal rights and defenses that arise
25 from this compact shall also be available to them.

26 (C) Each member state shall be liable for and pay judgments filed against the compact
27 commission to the extent related to its participation in the compact. Where liability

1 arises from action undertaken jointly with other member states, the liability shall be
2 divided equally among the states for whom the applicable rule, fee, practice,
3 program, or action or omission of the executive director or other employees of the
4 compact commission was undertaken; and no member state shall contribute to or
5 pay, or be jointly or severally or otherwise liable for, any part of any judgment
6 beyond its share as determined in accordance with this article.

7 ARTICLE XIII

8 RESTRICTIONS ON AUTHORITY

9 (A) Notwithstanding anything to the contrary herein, the compact commission shall not
10 adopt any practice, program, or rule that may change Kentucky requirements
11 governing the amount and distribution of the takeout, retention, or breakages on
12 intrastate wagers or that imposes licensure requirements for non-racing or non-
13 wagering employees of any racetrack or off-site wagering facility operating wholly
14 within the state.

15 (B) Kentucky state laws applicable to pari-mutuel racing and wagering shall remain in
16 full force and effect.

17 (C) Notwithstanding anything to the contrary herein, no fee except for services provided
18 by the compact commission shall be adopted by the compact commission in
19 Kentucky without the prior consent of any horsemen (as expressed by their
20 recognized horsemen's organization) licensed by the state racing commission who,
21 or any franchised or state racing commission licensed racing corporation that, would
22 be obliged to pay the fee.

23 ARTICLE XIV

24 CONSTRUCTION, SAVING AND SEVERABILITY

25 (A) This compact shall be liberally construed so as to effectuate its purposes. The
26 provisions of this compact shall be severable and if any phrase, clause, sentence, or
27 provision of this compact is declared to be contrary to the Constitution of the United

1 States or of any member state, or the applicability of this compact to any
2 government, agency, person, or circumstance is held invalid, the validity of the
3 remainder of this compact and its applicability to any government, agency, person,
4 or circumstance shall not be affected. If all or some portion of this compact is held
5 to be contrary to the constitution of any member state, the compact shall remain in
6 full force and effect as to the remaining member states and in full force and effect as
7 to the state affected as to all severable matters.

8 (B) In the event of any allegation, finding, or ruling against the compact or its
9 procedures or actions, provided that a member state has followed the compact's
10 stated procedures, any rule it purported to adopt using the procedures of this statute
11 shall constitute a duly adopted and valid state rule, and any program that it
12 purported to create or agree to using the procedures of this statute shall constitute a
13 duly made and valid state program and multilateral agreement with the other
14 consenting member states.

15 ➔Section 63. KRS 230.377 is amended to read as follows:

16 (1) Other provisions of the Kentucky Revised Statutes notwithstanding, a track may
17 apply to the racing department~~[commission]~~ for simulcasting and intertrack
18 wagering dates. Applications shall be submitted in accordance with KRS 230.300.
19 The racing department~~[commission]~~ shall not approve the establishment or
20 relocation of a receiving track within a radius of seventy-five (75) miles of a race
21 track duly licensed as of July 15, 1992, without the prior written consent of the
22 licensed track within whose seventy-five (75) mile radius the new receiving track
23 would be located.

24 (2) On or before November 1 of each year, the racing department~~[commission]~~ shall
25 meet and award intertrack wagering dates to all tracks for the entire succeeding
26 calendar year. In a geographic area containing more than one (1) track within a fifty
27 (50) mile radius of another track, intertrack wagering, except for quarter horse

1 racing, shall be limited to simulcasting and wagering on racing of the same breed of
2 horse as the receiving track was licensed to race on or before July 15, 1998.

3 (3) The racing department~~commission~~ shall approve no more than nine (9) tracks for
4 participation in horse racing, intertrack wagering, and simulcasting. Any approval
5 by the racing department~~commission~~ of a change in location of these tracks shall
6 be subject to the local-approval process contained in KRS 230.380.

7 (4) A track may by administrative regulation be required to simulcast its races to one
8 (1) or more receiving tracks approved for simulcasting and intertrack wagering, as a
9 prerequisite for the issuance of a license pursuant to KRS 230.300, provided that:

10 (a) Each track shall be permitted to exempt one (1) day of racing from
11 simulcasting to both receiving tracks and simulcast facilities, at its discretion;

12 (b) Tracks in a county containing a city of the first class or a consolidated local
13 government and tracks in an urban-county government shall not be required to
14 simulcast to each other or to any other facility in those counties. This
15 provision shall not be construed as requiring tracks within the same county to
16 simulcast to each other; and

17 (c) In the absence of a contract between a host track and a receiving track, the
18 commission shall be split as provided for in KRS 230.378(3).

19 (5) A track may receive simulcasts and conduct interstate wagering thereon subject to
20 the following limitations which shall be in addition to the limitations set forth in
21 KRS 230.3771:

22 (a) A track licensed to conduct Thoroughbred racing may receive simulcasts and
23 conduct interstate wagering on all Thoroughbred horse races designated as
24 graded stakes races by the Graded Stakes Committee of the Thoroughbred
25 Owners and Breeders Association, Inc., without further consents or approvals.

26 (b) A track licensed to conduct harness racing may receive simulcasts and
27 conduct interstate wagering on all harness horse races (both final and

- 1 elimination) having a final purse in excess of seventy-five thousand dollars
2 (\$75,000) without further consents or approvals.
- 3 (c) A track licensed to conduct quarter horse racing may receive simulcasts and
4 conduct interstate wagering on all quarter horse races designated as graded
5 stakes races by the graded stakes committee of the American Quarter Horse
6 Association, without further consents or approvals.
- 7 (d) A track which applies to the racing department~~commission~~ to receive an
8 interstate race of a different breed than the breed for which it is licensed by the
9 racing department~~commission~~ shall receive any simulcast of an interstate
10 race through the intertrack wagering system upon approval by the racing
11 department~~commission~~. Notwithstanding the foregoing, a track licensed to
12 conduct horse racing may receive simulcasts and conduct interstate wagering
13 on quarter horse races, subject to the limitations of KRS 230.3771.
- 14 (e) A track may receive simulcasts of special event races conducted in other states
15 or foreign countries which are determined by the racing
16 department~~commission~~ to be of sufficient national or international
17 significance or interest to warrant interstate wagering and if the simulcast of
18 these races has been approved by the Kentucky Thoroughbred Owners and
19 Breeders Association, Inc., the Kentucky Division of the Horseman's
20 Benevolent and Protective Association, for Thoroughbred races, and the
21 Kentucky Harness Horsemen's Association for harness racing, and any track
22 conducting live horse races of the same breed at the same time as the
23 simulcast race.
- 24 (f) A track may also receive simulcasts and conduct interstate wagering on
25 Thoroughbred horse races other than those described in paragraphs (a) and (e)
26 of this subsection if the simulcast of these races has been approved by the
27 Kentucky Thoroughbred Owners and Breeders Association, Inc., and the

1 Kentucky Horsemen's Benevolent and Protective Association, for
2 Thoroughbred races, and the Kentucky Harness Horsemen's Association, or its
3 successor, for harness racing.

4 (g) The consent required by paragraph (f) of this subsection or by subsections
5 (1)(g) and (2)(g) of KRS 230.3771 shall not be withheld:

- 6 1. For any reason not specifically related to financial harm to live horse
7 racing; or
- 8 2. As a condition to the granting of any contractual or other concession not
9 specifically related to the effects of interstate simulcasting on live horse
10 racing in this Commonwealth, taken as a whole.

11 (h) A host track located in this state may receive simulcasting of not more than
12 two (2) full cards of racing from another state, if both tracks race horses of the
13 same breed and if:

- 14 1. The race date was previously granted by the *racing*
15 *department*~~[Kentucky Horse Racing Commission]~~ to conduct live racing
16 at the track located in this state;
- 17 2. Live racing was canceled due to weather conditions; and
- 18 3. The consent required by paragraph (e) of this subsection is obtained.

19 (i) The in-state track receiving the simulcast specified in paragraph (h) of this
20 subsection shall offer that simulcast to all participating tracks and simulcast
21 facilities in the intertrack wagering system.

22 (j) All interstate simulcasting shall be conducted in accordance with applicable
23 federal laws.

24 (6) The racing *department*~~[commission]~~ may promulgate necessary and reasonable
25 administrative regulations for the purpose of administering the conduct of intertrack
26 or interstate wagering and regulating the conditions under which wagering shall be
27 held and conducted. Administrative regulations shall provide for the prevention of

1 practices detrimental to the public interest and to impose penalties for violations.
2 All administrative regulations shall be in conformity with the provisions of KRS
3 Chapter 13A, KRS 138.510, and this chapter.

4 ➔Section 64. KRS 230.3771 is amended to read as follows:

- 5 (1) A Thoroughbred track licensed to conduct Thoroughbred racing may receive
6 interstate simulcasts of Thoroughbred, quarter horse, paint horse, Appaloosa, and
7 Arabian horse races, and conduct interstate wagering thereon, subject to the
8 following limitations:
- 9 (a) A Thoroughbred receiving track may receive interstate simulcasts of
10 Thoroughbred races and conduct interstate wagering thereon at any time of
11 day and during any live Thoroughbred horse race meet conducted in the
12 Commonwealth of Kentucky so long as the Thoroughbred receiving track
13 conducting interstate wagering remits to the Thoroughbred host track
14 conducting a live meet, from the first awarded day of its live meet through the
15 last awarded day of the same live meet, the amounts provided in paragraph (j)
16 of this subsection.
- 17 (b) A Thoroughbred host track which receives interstate simulcasts and conducts
18 interstate wagering thereon during the period of time from the first awarded
19 day of its live meet through the last awarded day of its live meet shall offer the
20 simulcasts to all Thoroughbred receiving tracks, all harness tracks not subject
21 to the provisions of KRS 230.377(2), and all simulcast facilities through the
22 intertrack wagering system.
- 23 (c) Except as otherwise prohibited by law, a receiving track shall conduct
24 intertrack wagering on all live races of all Thoroughbred host tracks on any
25 day on which it receives an interstate simulcast for the purpose of conducting
26 interstate wagering.
- 27 (d) No host track shall require that any receiving track or simulcast facility

1 receive the interstate simulcast.

2 (e) If more than one (1) Thoroughbred track conducts live racing at the same time
3 on the same day, no track or simulcast facility may receive an interstate
4 simulcast of Thoroughbred races unless all Thoroughbred tracks conducting
5 live racing at the same time of day agree upon all interstate simulcasts to be
6 received and the division of the Thoroughbred host track's commission. If
7 more than one (1) Thoroughbred track conducts live racing at different times
8 on the same day, the Thoroughbred host track with the highest average daily
9 handle, based on the preceding year, shall be the host track for purposes of
10 splitting the commissions earned on interstate wagering at receiving tracks
11 within the Commonwealth. For purposes of this subsection, average daily
12 handle includes live handle, intertrack wagering handle, and simulcast facility
13 handle. Also for purposes of this subsection, the time of day during which a
14 host track conducts live racing commences with its first published post time
15 and concludes ten (10) minutes after the published post time of its last race of
16 the day, regardless of actual post times.

17 (f) Each Thoroughbred track which desires to conduct interstate wagering
18 pursuant to the provisions of this subsection shall during each year make
19 application to the racing department~~commission~~ for no less than one
20 hundred percent (100%) of the number of racing days awarded to the track in
21 1994 and one hundred percent (100%) of the number of races scheduled to be
22 run by the track in 1993.

23 (g) Notwithstanding paragraph (f) of this subsection, any Thoroughbred track may
24 apply for less than one hundred percent (100%) of the number of racing days
25 awarded to the track in 1994 or one hundred percent (100%) of the number of
26 races scheduled to be run by the track in 1993, if written approval is obtained
27 from the Kentucky Horsemen's Benevolent and Protective Association and the

1 Kentucky Thoroughbred Owners and Breeders Association, Inc.

2 (h) A separate accounting on all interstate simulcasting shall be submitted to the
3 racing ~~department~~~~commission~~. The accounting shall be submitted in the
4 same format and at the same time that the report for intertrack wagering is
5 submitted.

6 (i) If the only simulcast or simulcasts a track participating as a host track makes
7 available for interstate wagering through this state's intertrack wagering
8 system on any race day are Thoroughbred horse races designated as graded
9 stakes races by the Graded Stakes Committee of the Thoroughbred Owners
10 and Breeders Association, Inc., then the commission of the receiving track on
11 these interstate wagers shall be split as prescribed by KRS 230.378(3);
12 otherwise, the commission of the receiving track shall be split as prescribed by
13 paragraph (j) of this subsection. Interstate simulcasts received by a
14 Thoroughbred host track under the conditions set forth in this paragraph shall
15 not be subject to the conditions set forth in paragraphs (b), (c), (e), and (f) of
16 this subsection.

17 (j) A receiving track's commission on interstate wagering, after deduction of
18 applicable taxes and any amounts required to be paid by contract to the track
19 from which the interstate simulcast originated, shall be split as follows:

- 20 1. Twenty-five percent (25%) to the receiving track where the interstate
21 wagering occurs;
- 22 2. Twenty-five percent (25%) to the Thoroughbred host track designated by
23 paragraphs (a) and (e) of this subsection. However, if the race does not
24 occur between the first awarded day of a live meet and the last awarded
25 day of the same live meet, an additional twenty-five percent (25%) shall
26 be retained by the receiving track where the interstate wagering occurs;
- 27 3. Twenty-five percent (25%) to the purse program of the receiving track

1 where the interstate wagering occurs; and

2 4. Twenty-five percent (25%) to the purse program of the Thoroughbred
3 host track designated by paragraphs (a) and (e) of this subsection.
4 However, if the race does not occur between the first awarded day of a
5 live meet and the last awarded day of the same live meet, then an
6 additional twenty-five percent (25%) shall be paid to the purse program
7 of the receiving track where the interstate wagering occurs.

8 (k) A simulcast facility's commission on interstate wagering on Thoroughbred
9 racing, after deduction of applicable taxes and any amounts required to be
10 paid by contract to the track from which the interstate simulcast originated,
11 shall be split as provided in KRS 230.380(9).

12 (2) A harness track licensed to conduct harness racing may receive interstate simulcasts
13 of harness horse, quarter horse, paint horse, Appaloosa, and Arabian horse races and
14 conduct interstate wagering thereon subject to the following limitations:

15 (a) A harness receiving track may receive interstate simulcasts of harness races,
16 quarter horse races, paint horse races, Appaloosa races, and Arabian horse
17 races, and conduct interstate wagering thereon at any time of day and during
18 the course of any live harness horse race meet conducted in the
19 Commonwealth of Kentucky so long as the harness receiving track conducting
20 interstate wagering remits to the harness host track conducting a live meet,
21 from the first awarded day of its live meet through the last awarded day of the
22 same live meet, the amounts provided in paragraph (j) of this subsection.

23 (b) A harness host track which receives an interstate simulcast and conducts
24 interstate wagering thereon during its live race meet shall offer the simulcasts
25 to all Thoroughbred receiving tracks not subject to the provisions of KRS
26 230.377(2), all harness tracks, and all simulcast facilities through the
27 intertrack wagering system.

- 1 (c) Except as otherwise prohibited by law, a harness receiving track or a simulcast
2 facility shall conduct intertrack wagering on all live races of a harness host
3 track on any day it receives an interstate simulcast from a harness host track.
- 4 (d) No host track shall require that any receiving track or simulcast facility
5 receive the interstate simulcast.
- 6 (e) If more than one (1) harness track conducts live racing at the same time on the
7 same day, no track or simulcast facility may receive an interstate simulcast on
8 harness races unless all harness tracks conducting live racing at that time of
9 day agree upon the interstate simulcast to be received and the division of the
10 harness host track's commission. If more than one (1) harness track conducts
11 live racing at different times on the same day, the harness host track with the
12 highest average daily handle, based on the preceding year, shall be the host
13 track for purposes of splitting the commissions earned on interstate wagering
14 at receiving tracks within the Commonwealth. For purposes of this subsection,
15 average daily handle includes live handle, intertrack wagering handle, and
16 simulcast facility handle. Also for purposes of this subsection, the time of day
17 during which a host track conducts live racing commences with its first
18 published post time and conclude ten (10) minutes after the published post
19 time of its last race of the day, regardless of actual post times.
- 20 (f) Each harness track which desires to conduct interstate wagering pursuant to
21 the provisions of this subsection shall during each year make application to
22 the racing department~~commission~~ for no less than one hundred percent
23 (100%) of the number of racing days awarded to the track in 1994 and one
24 hundred percent (100%) of the number of races scheduled to be run by the
25 track in 1993.
- 26 (g) Notwithstanding paragraph (f) of this subsection, any harness track may apply
27 for less than one hundred percent (100%) of the number of racing days

1 awarded to the track in 1994 or one hundred percent (100%) of the number of
2 races scheduled to be run by the track in 1993, if written approval is obtained
3 from the Kentucky Harness Horsemen's Association, or its successor.

4 (h) A separate accounting on all interstate simulcasting shall be submitted to the
5 racing ~~department~~~~commission~~. This accounting shall be submitted in the
6 same format and at the same time that the report for intertrack wagering is
7 submitted.

8 (i) If the only simulcast or simulcasts a track participating as a harness host track
9 makes available for interstate wagering through this state's intertrack wagering
10 system on any race day are harness horse races (both final and elimination)
11 having a final purse in excess of seventy-five thousand dollars (\$75,000), then
12 the commission of the receiving track on these interstate wagers shall be split
13 as prescribed by KRS 230.378(3); otherwise, the commission of the receiving
14 track shall be split as prescribed by paragraph (j) of this subsection. Interstate
15 simulcasts received by a harness host track under the conditions set forth in
16 this paragraph shall not be subject to the conditions set forth in paragraphs (b),
17 (c), (e), and (f) of this subsection.

18 (j) A receiving track's commission on interstate wagering, after deduction of
19 applicable taxes and any amounts required to be paid by contract to the track
20 from which the interstate simulcast originated, shall be split as follows:

- 21 1. Twenty-five percent (25%) to the receiving track where the interstate
22 wagering occurs;
- 23 2. Twenty-five percent (25%) to the harness host track designated by
24 paragraphs (a) and (e) of this subsection. However, if no live meet is
25 occurring, an additional twenty-five percent (25%) shall be retained by
26 the receiving track where the interstate wagering occurs;
- 27 3. Twenty-five percent (25%) to the purse program of the receiving track

1 where the interstate wagering occurs; and

2 4. Twenty-five percent (25%) to the purse program of the harness host
3 track designated by paragraphs (a) and (e) of this subsection. However,
4 if no live meet is occurring, an additional twenty-five percent (25%)
5 shall be paid to the purse program of the receiving track where the
6 interstate wagering occurs.

7 (k) A simulcast facility's commission on interstate wagering on harness races,
8 after deduction of applicable taxes and any amount required to be paid by
9 contract to the track from which the interstate simulcast originated, shall be
10 split as provided in KRS 230.380(9).

11 (3) A harness track may only receive interstate simulcasts of Thoroughbred horse races
12 and conduct interstate wagering thereon as provided in subsection (1)(b) of this
13 section. A Thoroughbred track may only receive interstate simulcasts of harness
14 horse races and conduct interstate wagering thereon as provided in subsection (2)(b)
15 of this section. A simulcast facility may only receive interstate simulcasts of
16 Thoroughbred and harness horse races and conduct interstate wagering thereon as
17 provided in subsections (1)(b) and (2)(b) of this section.

18 (4) (a) A Thoroughbred track licensed to conduct horse racing may receive interstate
19 simulcasts of quarter horse, paint horse, Appaloosa, and Arabian horse races
20 and conduct interstate wagering thereon, subject to the limitations stated in
21 paragraph (b) of this subsection.

22 (b) A receiving track's commission on interstate wagering, after deduction of
23 applicable taxes and any amounts required to be paid by contract to the track
24 from which the interstate simulcast originated, shall be split as follows:

25 1. Twenty-five percent (25%) to the receiving track where the interstate
26 wagering occurs;

27 2. Twenty-five percent (25%) to the host track; and

1 3. Fifty percent (50%) to the Kentucky quarter horse, paint horse,
2 Appaloosa, and Arabian purse fund established by KRS 230.446 to
3 supplement purses for quarter horse, paint horse, Appaloosa, and
4 Arabian horse races in this state.

5 (5) (a) A harness track licensed to conduct horse racing may receive interstate
6 simulcasts of quarter horse, paint horse, Appaloosa, and Arabian horse races
7 and conduct interstate wagering thereon, subject to the limitations stated in
8 paragraphs (b) and (c) of this subsection.

9 (b) A receiving track's commission on interstate wagering, after deduction of
10 applicable taxes and any amounts required to be paid by contract to the track
11 from which the interstate simulcast originated, shall be split as follows:

- 12 1. Twenty-five percent (25%) to the purse program of the receiving track;
- 13 2. Twenty-five percent (25%) to the purse program of the host track;
- 14 3. Twenty-five percent (25%) to the receiving track; and
- 15 4. Twenty-five percent (25%) to the host track.

16 (c) When a quarter horse, paint horse, Appaloosa, or Arabian horse race is run at
17 a Kentucky race track, the commission to the Kentucky quarter horse, paint
18 horse, Appaloosa, and Arabian purse fund established by KRS 230.446 shall
19 be twenty-two percent (22%) from the host track's purse share.

20 (6) Other provisions of the Kentucky Revised Statutes notwithstanding, any track in a
21 geographic area that contains more than one (1) track within a fifty (50) mile radius
22 of any other track may only receive interstate simulcasts on racing of the same breed
23 of horse as the track was licensed to race on or before July 15, 1998, except any
24 track may receive interstate simulcasts on quarter horse, paint horse, Appaloosa, or
25 Arabian horse races.

26 ➔Section 65. KRS 230.3773 is amended to read as follows:

27 (1) As used in this section, "interstate common wagering pool" means a pari-mutuel

1 pool established in one (1) horse racing jurisdiction that is combined with
2 comparable pari-mutuel pools from at least one (1) horse racing jurisdiction for the
3 purpose of establishing payoff prices in the various jurisdictions.

4 (2) Interstate wagers at a receiving track may form an interstate common wagering pool
5 with wagers at a track in another jurisdiction, and the receiving track may adopt the
6 commission and breakage rates of the track at which the race is being run. The
7 racing department~~commission~~ may also approve types of wagering, distribution
8 of winnings, and rules of racing for interstate common wagering pools that are
9 different from those that normally apply in Kentucky.

10 (3) Wagers placed on any races run at track in Kentucky may be combined with wagers
11 placed at tracks in other jurisdictions to form an interstate common wagering pool
12 located either within or outside Kentucky.

13 (4) A track's participation in an interstate common wagering pool does not cause that
14 track to be considered to be doing business in any jurisdiction other than the
15 jurisdiction where the track is physically located. Excise taxes and commission rates
16 may not be imposed on any interstate common wagering pool other than on
17 amounts actually wagered in Kentucky. The combination of pari-mutuel pools as
18 provided in this section constitutes the communication of wagering information for
19 purposes of calculating odds and payoffs only and does not constitute the transfer of
20 wagers in interstate commerce.

21 ➔Section 66. KRS 230.379 is amended to read as follows:

22 (1) A track may engage in telephone account wagering, if all moneys used to place
23 telephone account wagers are on deposit in an amount sufficient to cover the wagers
24 at the track where the account is opened. All moneys wagered by telephone account
25 wagering shall be subject to the applicable pari-mutuel tax levied in KRS 138.510
26 and shall form a common pool with other pari-mutuel pools at the track for each
27 posted race. The racing department~~commission~~ shall have authority to promulgate

1 necessary and reasonable administrative regulations to regulate the conduct of
2 telephone account wagering, including regulations for the deposit of funds by credit
3 or debit cards or other means of electronic funds transfer.

4 (2) A track shall accept and tabulate a telephone account wager only from the holder of
5 a telephone wagering account. No person shall directly or indirectly act as an
6 intermediary, transmitter, or agent in the placing of wagers for a holder of a
7 telephone wagering account. No person shall in any manner place a wager through
8 telephone account wagering, on behalf of a holder of a telephone wagering account.
9 Only the holder of a telephone wagering account shall place a telephone wager. Any
10 person violating this subsection shall be guilty of a Class A misdemeanor.

11 (3) Telephone account wagering conducted in accordance with the provisions of this
12 section shall not be considered a violation of KRS 528.110.

13 ➔Section 67. KRS 230.380 is amended to read as follows:

14 (1) Any track licensed by the racing ~~department~~~~commission~~ to conduct horse racing
15 and desiring to establish a simulcast facility shall apply for and may receive
16 approval from the racing ~~department~~~~commission~~ for each simulcast facility. Prior
17 to considering an application for approval of a simulcast facility, the racing
18 ~~department~~~~commission~~ shall notify by regular mail, each state senator, state
19 representative, county judge/executive, and mayor in the jurisdiction in which the
20 proposed simulcast facility is located, at least ten (10) days in advance of the racing
21 ~~department~~~~commission~~ meeting at which the application is to be considered or
22 voted upon. Consideration of an application shall be based on criteria contained in
23 administrative regulations promulgated under KRS 230.300. Approval, if granted,
24 shall be granted for a term of one (1) calendar year.

25 (2) A track or tracks may proceed with the establishment of a simulcast facility unless,
26 within sixty (60) days of the date on which the racing ~~department~~~~commission~~
27 approved the facility, the governing body of the local government jurisdiction in

1 which the facility is to be located votes, by simple majority of those voting, to
2 disapprove the establishment of the simulcast facility. For the purposes of this
3 section, "governing body" means, in an incorporated area, the board of aldermen,
4 city council or board of commissioners; in a county, the fiscal court; in an urban-
5 county government, the urban-county council, or in a charter county, the legislative
6 body created in accordance with KRS 67.825 to 67.875.

7 (3) The racing department~~[commission]~~ shall not approve the establishment of any
8 simulcast facility within a radius of fifty (50) miles of a licensed track. The racing
9 department~~[commission]~~ may approve the establishment of one (1) simulcast
10 facility within a radius of greater than fifty (50) miles but less than seventy-five (75)
11 miles of a licensed track, but the facility shall not be approved to operate without
12 the prior written consent of the licensed track within whose seventy-five (75) mile
13 radius the facility is located.

14 (4) The racing department~~[commission]~~ may promulgate administrative regulations as
15 it deems appropriate to protect the integrity of pari-mutuel wagering at any
16 simulcast facility.

17 (5) Licensed tracks conducting horse racing may enter into joint agreements to establish
18 or operate one (1) or more simulcast facilities, on terms and conditions as the
19 participating tracks may determine. Any agreements respecting these arrangements
20 shall be filed with the racing department~~[commission]~~, and applications for
21 simulcast facilities shall be filed by and licenses may be issued to, these licensed
22 tracks by the racing department~~[commission]~~.

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

27 (7) A simulcast facility shall not be subject to and shall not pay any excise tax imposed

1 pursuant to KRS 138.510, any license tax imposed under KRS 137.170, or any
2 admission tax imposed under KRS 138.480.

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

5 (a) If a simulcast facility is located in an incorporated area, seventy-five percent
6 (75%) shall be allocated to the governing body of the city in which the facility
7 is located, and twenty-five percent (25%) to the governing body of the county
8 in which the facility is located.

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

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

- 16 1. Thirty percent (30%) shall be allocated to the host track;
- 17 2. Forty-six and one-half percent (46.5%) to the purse program at the host
18 track;
- 19 3. Thirteen and one-half percent (13.5%) to be retained by the track or
20 tracks owning the simulcast facility for the purpose of application to
21 expenses incurred in connection therewith;
- 22 4. Six percent (6%) to be allocated to the Kentucky Thoroughbred Owners
23 and Breeders, Inc., to be expended as follows:
 - 24 a. Up to three percent (3%) for capital improvements and promotion
25 of off-track betting; and
 - 26 b. The remainder for marketing and promoting the Kentucky
27 Thoroughbred industry; and

1 5. Four percent (4%) to be allocated to the racing ~~department~~~~commission~~
2 to be used for purses at county fairs in Kentucky licensed and approved
3 by the racing ~~department~~~~commission~~, and for the standardbred sires
4 stakes program established under KRS 230.770.

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

10 (c) The Kentucky Thoroughbred Owners and Breeders, Inc., shall annually report
11 to the racing commission on all money expended in accordance with
12 subsection (9)(a)4. of this section. The report shall be in the form required,
13 and provide all information required by the racing ~~department~~~~commission~~.

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

21 ➔Section 68. KRS 230.398 is amended to read as follows:

22 All sums reported and paid to the racing ~~department~~~~commission~~ under the provisions of
23 KRS 230.361 to 230.373 by any licensee conducting a harness race meeting shall be used
24 by it for purses at harness racing events at county fairs within the Commonwealth of
25 Kentucky that have been licensed and approved by it. The racing
26 ~~department~~~~commission~~ shall have the authority to promulgate administrative
27 regulations as may be necessary for the conduct of these races.

1 ➔Section 69. KRS 230.400 is amended to read as follows:

- 2 (1) There is hereby created a trust and revolving fund for the Kentucky Gaming~~[Horse~~
3 ~~Racing]~~ 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 Gaming~~[Horse Racing]~~ Commission and upon approval of the
9 secretary of the Finance and Administration Cabinet. Money from the Kentucky
10 Thoroughbred development fund shall be allocated to each licensed association in
11 an amount equal to the amount the association contributed to the fund. Money to the
12 credit of the Kentucky Thoroughbred development fund at the end of each fiscal
13 year shall not lapse, but shall be carried forward in such fund to the succeeding
14 fiscal year.
- 15 (2) There is hereby established, under the general jurisdiction of the Kentucky
16 Gaming~~[Horse Racing]~~ Commission, a Kentucky Thoroughbred Development Fund
17 Advisory Committee. The advisory committee shall consist of five (5) members, all
18 of whom shall be residents of Kentucky, to be appointed by the chairman of the
19 Kentucky Gaming~~[Horse Racing]~~ Commission by July 1 of each year. The
20 committee shall consist of two (2) Thoroughbred breeders recommended by the
21 Kentucky Thoroughbred Owners and Breeders, Inc.; one (1) Thoroughbred owner
22 recommended by the Kentucky division of the Horsemen's Benevolent and
23 Protective Association; one (1) officer or director of a licensed association
24 conducting Thoroughbred racing in Kentucky, recommended by action of all of the
25 licensed associations conducting Thoroughbred racing in Kentucky; and one (1)
26 member of the Kentucky Gaming~~[Horse Racing]~~ Commission. If any member other
27 than the gaming~~[racing]~~ commission member has not been recommended for

1 appointment by July 1 of each year, the chairman of the Kentucky Gaming~~[Horse~~
2 ~~Racing]~~ Commission shall make an appointment for the organization or
3 organizations failing to recommend a member of the committee. The members of
4 the advisory committee shall serve without compensation, but shall be entitled to
5 reimbursement for all expenses incurred in the discharge of official business. The
6 advisory committee shall select from its membership annually a chairman and a vice
7 chairman.

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

22 (b) The Kentucky Gaming~~[Horse Racing]~~ Commission shall employ qualified
23 personnel as may be required to assist the racing department~~[commission]~~
24 and the advisory committee in carrying out the provisions of this section.
25 These persons shall serve at the pleasure of the racing
26 department~~[commission]~~ and compensation for these personnel shall be fixed
27 by the racing department~~[commission]~~. The compensation of these personnel

1 and the necessary expenses incurred by the racing ~~department~~~~commission~~ or
2 by the committee in carrying out the provisions of this section shall be paid
3 out of the Kentucky Thoroughbred development fund.

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

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

25 (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term
26 "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and
27 include only Thoroughbred horses sired by Kentucky Thoroughbred stallions

1 foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the
2 official registrar of the Kentucky Thoroughbred development fund.

3 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a
4 Kentucky-bred Thoroughbred for purposes of this section if the horse was
5 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud
6 within Kentucky at the time of conception of such Thoroughbred, provided
7 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with
8 the official registrar of the Kentucky Thoroughbred development fund.

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

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

1 the registration of Kentucky Thoroughbred stallions and in the registration of
 2 Kentucky-bred Thoroughbreds. Registration records of the registrar shall be
 3 public records and open to public inspection at all normal business hours and
 4 times.

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

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

22 ➔Section 70. KRS 230.445 is amended to read as follows:

23 (1) There is hereby created a trust and revolving fund for the Kentucky ~~Gaming~~~~Horse~~
 24 ~~Racing~~ Commission designated the Kentucky quarter horse, paint horse,
 25 Appaloosa, and Arabian development fund, consisting of money allocated to the
 26 fund under KRS 230.3771 together with any other money contributed to or
 27 allocated to the fund from all other sources. For the purposes of this section,

1 "development fund" or "fund" means the Kentucky quarter horse, paint horse,
2 Appaloosa, and Arabian development fund. Money to the credit of the development
3 fund shall be distributed by the Treasurer for the purposes provided in this section,
4 upon authorization of the Kentucky Gaming~~[Horse Racing]~~ Commission and upon
5 approval of the secretary of the Finance and Administration Cabinet.
6 Notwithstanding KRS 45.229, money to the credit of the fund at the end of the
7 fiscal year shall not lapse but shall be carried forward in the fund to the succeeding
8 fiscal year. Interest earnings of the fund shall become a part of the fund and shall
9 not lapse. Moneys in the fund shall be used and are hereby appropriated for
10 purposes specified in this section.

11 (2) The Kentucky Gaming~~[Horse Racing]~~ Commission shall use the development fund
12 to promote races and to provide purses for races for horses bred and foaled in the
13 Commonwealth. The gaming commission shall provide for distribution of money to
14 the credit of the development fund to persons, corporations, or associations
15 operating licensed tracks within Kentucky conducting quarter horse, paint horse,
16 Appaloosa, or Arabian horse racing, on an equitable basis as determined by the
17 gaming commission and in conformance with subsection (3) of this section.

18 (3) The ~~[Kentucky Horse]~~ racing department~~[Commission]~~ shall:

- 19 (a) Fix the amount of money to be paid from the development fund to be added to
20 the purse provided for each race by the licensed operator of the track;
- 21 (b) Fix the dates and conditions of races to be held by licensed tracks; and
- 22 (c) Promulgate administrative regulations necessary to carry out the provisions of
23 this section.

24 Money from the fund shall be allocated to each breed of horse represented in the
25 fund in an amount equal to the amount the breed has contributed to the fund.

26 (4) The ~~[Kentucky Horse]~~ racing department~~[Commission]~~ shall appoint qualified
27 personnel as necessary to:

- 1 (a) Supervise registration of, or determine the eligibility of, horses entitled to
 2 entry in races which receive a portion of purse money from the development
 3 fund; and
- 4 (b) Assist the racing department~~[commission]~~ in determining the conditions,
 5 class, and quality of the fund-supported race program established to carry out
 6 the purposes of this section.

7 The personnel shall serve at the pleasure of the racing department~~[commission]~~
 8 and compensation shall be fixed by the racing department~~[commission]~~ with the
 9 compensation and necessary expenses of the personnel paid from the development
 10 fund.

11 (5) The racing department~~[commission]~~ shall promulgate administrative regulations to
 12 carry out the provisions of this section and shall administer the Kentucky quarter
 13 horse, paint horse, Appaloosa, and Arabian development fund in a manner designed
 14 to:

- 15 (a) Promote and aid in the development of the horse industry in Kentucky;
- 16 (b) Upgrade the quality of racing in Kentucky; and
- 17 (c) Improve the quality of horses bred in Kentucky.

18 ➔Section 71. KRS 230.446 is amended to read as follows:

19 (1) The Kentucky quarter horse, paint horse, Appaloosa, and Arabian purse fund is
 20 created as a trust and agency fund to be administered by the Kentucky
 21 Gaming~~[Horse Racing]~~ Commission and shall consist of moneys allocated to the
 22 fund under KRS 230.3771 together with any other moneys contributed to or
 23 allocated to the fund from all other sources. For the purposes of this section, "purse
 24 fund" or "fund" means the Kentucky quarter horse, paint horse, Appaloosa, and
 25 Arabian purse fund.

26 (2) Notwithstanding KRS 45.229, money to the credit of the fund at the end of the
 27 fiscal year shall not lapse but shall be carried forward in the fund to the succeeding

1 fiscal year. Interest earnings of the fund shall become a part of the fund and shall
2 not lapse.

3 (3) Moneys in the fund shall be used and are hereby appropriated for purposes specified
4 in this section.

5 (4) The Kentucky **Gaming**~~[Horse Racing]~~ Commission shall use the purse fund to
6 promote racing and to provide purses for races conducted in the Commonwealth as
7 follows:

8 (a) The~~[Kentucky Horse]~~ racing **department**~~[Commission]~~ shall provide for
9 distribution of money from the fund to persons, corporations, or associations
10 operating licensed tracks within the Commonwealth conducting quarter horse,
11 paint horse, Appaloosa, or Arabian horse racing;

12 (b) Moneys from the purse fund shall be allocated to each breed of horse
13 represented in the fund in proportion to the amount each breed has contributed
14 to the fund; and

15 (c) The~~[Kentucky Horse]~~ racing **department**~~[Commission]~~ shall consult with the
16 Kentucky Quarter Horse Racing Association or its successor, the Kentucky
17 Appaloosa Owners Association or its successor, the Kentucky Paint Horse
18 Club or its successor, and the Kentucky Arabian Horse Association or its
19 successor, to designate the races and the amount of purse money to be
20 provided for designated races for each breed respectively.

21 (5) The~~[Kentucky Horse]~~ racing **department**~~[Commission]~~ shall:

22 (a) Fix the dates and conditions of races to be held by licensed tracks;

23 (b) Fix the amount of money to be paid from the fund to be added to the purse
24 provided for each race by the licensed operator of the track; and

25 (c) Promulgate administrative regulations necessary to carry out the provisions of
26 this section.

27 (6) The~~[Kentucky Horse]~~ racing **department**~~[Commission]~~ shall carry out the

1 provisions of this section and administer the purse fund in a manner designed to
2 promote and aid in the development of the horse industry in Kentucky and upgrade
3 the quality of horse racing in Kentucky.

4 ➔Section 72. KRS 230.750 is amended to read as follows:

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

22 ➔Section 73. KRS 230.752 is amended to read as follows:

23 All harness racetracks licensed by the racing depart~~ment~~~~[commission]~~ shall not be
24 required to pay the excise tax imposed under KRS 138.510(2), and the amount that would
25 have been paid under those subsections shall be retained by the track to promote and
26 maintain its facilities and its live meet.

27 ➔Section 74. KRS 230.760 is amended to read as follows:

1 No licensee conducting a race or meet hereunder, no member of the *Kentucky Gaming*
2 *Commission or the racing department*~~[commission]~~, judge, or assistant official appointed
3 to act as such pursuant to this chapter, shall be liable for damages to any person,
4 association, or corporation for any cause whatsoever arising out of or from the
5 performance by the licensee, member of the *Kentucky Gaming Commission or* racing
6 *department*~~[commission]~~, judge, or assistant official of his duties and the exercise of his
7 discretion with respect thereto, so long as he acted in good faith, without malice or
8 improper motive.

9 ➔Section 75. KRS 230.770 is amended to read as follows:

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

- 1 trotting and pacing.
- 2 (4) Money distributed from the development fund to licensed standardbred race tracks
3 within the Commonwealth shall be used exclusively to promote races and provide
4 purses for races conditioned to admit only Kentucky-bred standardbred horses.
- 5 (5) The ~~Kentucky Horse~~ racing department~~Commission~~ shall fix the amount of
6 money to be paid from the development fund to be added to the purse provided for
7 each race by the licensed operator of the track; shall fix the dates and conditions of
8 races to be held by licensed race tracks; and shall promulgate administrative
9 regulations necessary to carry out the provisions of this section.
- 10 (6) The ~~Kentucky Horse~~ racing department~~Commission~~ may promulgate
11 administrative regulations necessary to determine the eligibility of horses for entry
12 in races for which a portion of the purse is provided by money of the development
13 fund, including administrative regulations for the eligibility, residency, and
14 registration of mares, stallions, and progeny thereof. Registration of stallions may
15 occur any time during the breeding season, but shall occur no later than December
16 31 of the year of conception of the eligible horse.
- 17 (7) The ~~Kentucky Horse~~ racing department~~Commission~~ shall appoint qualified
18 personnel necessary to supervise registration of, or determination of eligibility of,
19 horses entitled to entry in races, a portion of the purse of which is provided by the
20 development fund, to assist the racing department~~commission~~ in determining the
21 conditions, class, and quality of the fund supported race program to be established
22 hereunder so as to carry out the purposes of this section. These persons shall serve
23 at the pleasure of the racing department~~commission~~ and compensation shall be
24 fixed by the racing department~~commission~~. The compensation of personnel and
25 necessary expenses shall be paid out of the development fund. The racing
26 department~~commission~~ shall promulgate administrative regulations to carry out
27 the provisions of this section, and shall administer the Kentucky sire stakes program

1 created hereby in a manner best designed to promote and aid in the development of
2 the horse industry in Kentucky; to upgrade the quality of racing in Kentucky; and to
3 improve the quality of horses bred in Kentucky.

4 ➔Section 76. KRS 230.775 is amended to read as follows:

5 As used in KRS 230.775 to 230.785, unless the context requires otherwise:

- 6 (1) "Hub" means an international wagering hub, a business which, through a qualified
7 subscriber-based service, conducts pari-mutuel wagering on the horse races that it
8 simulcasts and other races that it carries in its wagering menu;
- 9 (2) "Qualified subscriber-based service" means any information service or system,
10 including but not limited to a closed-loop system, that uses:
- 11 (a) A device or combination of devices authorized and operated exclusively for
12 placing, receiving, or otherwise making pari-mutuel wagers on horse races by
13 a customer subscriber base through accounts established with the operator of
14 the hub;
- 15 (b) An effective customer verification and age verification system; and
- 16 (c) Appropriate data security standards to prevent unauthorized access by
17 nonsubscribers or minors;
- 18 (3) "Foreign jurisdiction" means states other than Kentucky, a territory of the United
19 States, a foreign country, or any political subdivision thereof;
- 20 (4) "Racing ~~department~~^[commission]" means the *racing department of the* Kentucky
21 *Gaming*~~[Horse Racing]~~ Commission or its successor; and
- 22 (5) "Call center" means that portion of a qualified subscriber-based service that is
23 physically located in the Commonwealth, where wagers are placed, received, or
24 otherwise made by a customer subscriber base through accounts established with
25 the operator of the hub.

26 ➔Section 77. KRS 230.779 is amended to read as follows:

- 27 (1) Notwithstanding KRS 230.361(1), a licensee may operate the hub either

1 independently or in association with one (1) or more racetracks licensed by the
2 racing ~~department~~~~commission~~ to run live races and conduct pari-mutuel wagering
3 in Kentucky. Hub operations may be physically located on property other than that
4 operated by a racetrack and may accept wagers at that location and shall comply
5 with the Interstate Horseracing Act, 15 U.S.C. secs. 3001 to 3007.

6 (2) As a part of the application for licensure as a hub, an applicant shall submit a
7 detailed plan of operations in a format and containing any information as required
8 by the racing ~~department~~~~commission~~. The application shall be accompanied by an
9 application fee to cover incremental costs to the racing ~~department~~~~commission~~, in
10 an amount the racing ~~department~~~~commission~~ determines to be appropriate. At a
11 minimum, the operating plan shall address the following:

- 12 (a) The manner in which the proposed wagering system will operate, including its
13 proposed operating schedule;
- 14 (b) The requirements for a qualified subscriber-based service set out in KRS
15 230.775; and
- 16 (c) The requirements for accounts established and operated for persons whose
17 principal residence is outside of the Commonwealth of Kentucky.

18 (3) The racing ~~department~~~~commission~~ may require changes in a proposed plan of
19 operations as a condition of licensure. Subsequent material changes in the system's
20 operation shall not occur unless approved by the racing ~~department~~~~commission~~.

21 (4) The racing ~~department~~~~commission~~ may conduct investigations or inspections or
22 request additional information from any applicant as it deems appropriate in
23 determining whether to approve the license application.

24 (5) An applicant licensed under this section may enter into any agreements that are
25 necessary to promote, advertise, and further the sport of horse racing, or for the
26 effective operation of hub operations, including, without limitation, interstate
27 account wagering, television production, and telecommunications services.

1 (6) The racing department~~[commission]~~ shall promulgate administrative regulations to
2 effectuate the provisions of KRS 230.775 to 230.785. The administrative
3 regulations shall include but not be limited to criteria for licensing, the application
4 process, the format for the plan of operations, requisite fees, procedures for
5 notifying the racing department~~[commission]~~ of substantive changes, contents of
6 agreements entered into under subsection (5) of this section, procedures for
7 accounting for wagers made, and other matters reasonably necessary to implement
8 KRS 230.775 to 230.785.

9 (7) The racing department~~[commission]~~ may require the hub to make the following
10 payments to the racing department~~[commission]~~:

- 11 (a) A license fee not to exceed two hundred dollars (\$200) per operating day; and
12 (b) A fee of not more than one percent (1%) of the hub's total gross wagering
13 receipts.

14 (8) A hub's records and financial information shall not be subject to the provisions of
15 KRS 61.870 to 61.884.

16 (9) The Auditor of Public Accounts may review and audit all records and financial
17 information of the hub, including all account information. The Auditor shall prepare
18 a report of the review and audit which shall not contain any proprietary information
19 regarding the hub. A copy of the report shall be sent to the Kentucky Gaming
20 Commission and the Legislative Research Commission for referral to the
21 appropriate committee.

22 ➔Section 78. KRS 230.785 is amended to read as follows:

23 The racing department~~[commission]~~ or its staff shall, upon request, be given access, for
24 review and audit, to all records and financial information of the hub operator, including
25 all account information. The racing department~~[commission]~~ may require that the hub
26 operator annually submit to the racing department~~[commission]~~ audited financial
27 statements.

1 ➔Section 79. KRS 230.800 is amended to read as follows:

- 2 (1) There is hereby created in the State Treasury a trust and revolving fund designated
3 as the "Kentucky Thoroughbred breeders incentive fund." The fund shall be
4 administered by the Kentucky Gaming~~[Horse Racing]~~ Commission. For all tax
5 periods beginning on or after June 1, 2005, eighty percent (80%) of all receipts
6 collected under KRS 139.531(1)(a) from the sales and use tax on the fees paid for
7 breeding a stallion to a mare in Kentucky shall be deposited in the fund together
8 with any other money contributed, appropriated, or allocated to the fund from all
9 other sources. The money deposited in the fund is hereby appropriated for the uses
10 set forth in this section. Any money remaining in the fund at the close of any
11 calendar year shall not lapse but shall be carried forward to the next calendar year.
12 The fund may also receive additional state appropriations, gifts, grants, and federal
13 funds. All interest earned on money in the fund shall be credited to the fund.
- 14 (2) (a) The Kentucky Gaming~~[Horse Racing]~~ Commission shall use moneys
15 deposited in the Kentucky Thoroughbred breeders incentive fund to
16 administer the fund and provide rewards for breeders of horses bred and
17 foaled in Kentucky.
- 18 (b) The~~[Kentucky Horse]~~ racing department~~[Commission]~~ shall promulgate
19 administrative regulations establishing the conditions and criteria for the
20 distribution of moneys from the fund.
- 21 (c) The Department of Revenue may promulgate administrative regulations
22 establishing the procedures necessary to determine the correct allocation of
23 sales tax receipts described in subsection (1) of this section.
- 24 (d) As soon as practicable after the close of each calendar year, the racing
25 department~~[commission]~~ shall disburse to breeders of horses moneys in the
26 Kentucky Thoroughbred breeders incentive fund pursuant to the
27 administrative regulations promulgated pursuant to paragraph (b) of this

1 subsection.

2 ➔Section 80. KRS 230.802 is amended to read as follows:

- 3 (1) There is hereby created in the State Treasury a trust and revolving fund designated
4 as the "Kentucky standardbred breeders incentive fund." The fund shall be
5 administered by the Kentucky Gaming~~[Horse Racing]~~ Commission. For tax periods
6 beginning on or after June 1, 2005, thirteen percent (13%) of all receipts collected
7 under KRS 139.531(1)(a) from the sales and use tax on the fees paid for breeding a
8 stallion to a mare in Kentucky shall be deposited in the fund together with any other
9 money contributed, appropriated, or allocated to the fund from all other sources.
10 The money deposited in the fund is hereby appropriated for the uses set forth in this
11 section. Any money remaining in the fund at the close of any calendar year shall not
12 lapse but shall be carried forward to the next calendar year. The fund may also
13 receive additional state appropriations, gifts, grants, and federal funds. All interest
14 earned on money in the fund shall be credited to the fund.
- 15 (2) (a) The Kentucky Gaming~~[Horse Racing]~~ Commission shall use moneys
16 deposited in the Kentucky standardbred breeders incentive fund to administer
17 the fund and provide rewards for breeders or owners of Kentucky-bred
18 standardbred horses.
- 19 (b) The~~[Kentucky Horse]~~ racing department~~[Commission]~~ shall promulgate
20 administrative regulations establishing the conditions and criteria for the
21 distribution of moneys from the fund.
- 22 (c) The Department of Revenue may promulgate administrative regulations
23 establishing the procedures necessary to determine the correct allocation of
24 sales tax receipts described in subsection (1) of this section.
- 25 (d) As soon as practicable after the close of each calendar year, the racing
26 department~~[commission]~~ shall disburse moneys in the Kentucky standardbred
27 breeders incentive fund to be used to promote, enhance, improve, and

1 encourage the further and continued development of the standardbred
2 breeding industry in Kentucky, under the administrative regulations
3 promulgated pursuant to paragraph (b) of this subsection.

4 ➔Section 81. KRS 230.804 is amended to read as follows:

5 (1) There is hereby created in the State Treasury a trust and revolving fund designated
6 as the "Kentucky horse breeders incentive fund." The fund shall be administered by
7 the Kentucky Gaming~~[Horse Racing]~~ Commission. For tax periods beginning on or
8 after June 1, 2005, seven percent (7%) of all receipts collected under KRS
9 139.531(1)(a) from the sales and use tax on the fees paid for breeding a stallion to a
10 mare in Kentucky shall be deposited in the fund together with any other money
11 contributed, appropriated or allocated to the fund from all other sources. The money
12 deposited in the fund is hereby appropriated for the uses set forth in this section.
13 Notwithstanding KRS 45.229, any money remaining in the fund at the close of any
14 calendar year shall not lapse but shall be carried forward to the next calendar year.
15 The fund may also receive additional state appropriations, gifts, grants, and federal
16 funds. All interest earned on money in the fund shall be credited to the fund.

17 (2) (a) The Kentucky Gaming~~[Horse Racing]~~ Commission shall use moneys
18 deposited in the Kentucky horse breeders incentive fund to administer the
19 fund and provide rewards for breeders or owners of horses bred and foaled in
20 Kentucky.

21 (b) The~~[Kentucky Horse]~~ racing department~~[Commission]~~ shall promulgate
22 administrative regulations establishing the conditions and criteria for the
23 distribution of moneys from the fund.

24 (c) The Department of Revenue may promulgate administrative regulations
25 establishing the procedures necessary to determine the correct allocation of
26 sales tax receipts described in subsection (1) of this section.

27 (d) As soon as practicable after the close of each calendar year, the racing

1 ~~department~~~~commission~~ shall disburse to breeders of horses moneys in the
2 Kentucky horse breeders incentive fund to be used to promote, enhance,
3 improve, and encourage the further and continued development of the horse
4 industry in Kentucky, under the administrative regulations promulgated
5 pursuant to paragraph (b) of this subsection.

6 ➔Section 82. KRS 230.990 is amended to read as follows:

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

1 ➔Section 83. KRS 138.480 is amended to read as follows:

2 Except for the conduct of harness racing at a county fair, each person entering the
3 grounds or enclosure of any race track at which a live race meeting is being conducted
4 under the jurisdiction of the Kentucky Gaming~~[Horse Racing]~~ Commission, for the
5 purpose of attending the races or for any other purpose connected therewith, shall pay a
6 tax of fifteen cents (\$0.15) to the state, except as otherwise provided in this section. If
7 tickets good for more than one (1) day are issued, the sum of fifteen cents (\$0.15) shall be
8 paid by each person using such ticket on each day that it is used. No admission tax shall
9 be collected from any of the employees of the race track, or any of the owners or trainers
10 of horses, or jockeys, or their employees. The admission tax provided for in this section
11 shall be collected by the race track from each person on entering the race track or
12 enclosure on a paid or free admission. The race track shall account to and pay to the state
13 the money so collected.

14 ➔Section 84. KRS 138.511 is amended to read as follows:

15 As used in KRS 138.510 to 138.550:

16 (1) "Advanced deposit account wagering" has the same meaning as in KRS 230.210;

17 (2) "Advanced deposit account wagering license" has the same meaning as in KRS
18 230.210;

19 (3) "Association" has the same meaning as in KRS 230.210;

20 (4) "Commission" means the Kentucky Gaming~~[Horse Racing]~~ Commission;

21 (5) "Daily average live handle" means:

22 (a) The handle from wagers made at a track on live racing during the fiscal year,
23 excluding amounts wagered:

24 1. At a receiving track;

25 2. At a simulcast facility;

26 3. On telephone account wagering;

27 4. Through advance deposit account wagering;

- 1 5. At a track participating as a receiving track or simulcast facility
2 displaying simulcasts and conducting interstate wagering as permitted by
3 KRS 230.3771 and 230.3773; and
- 4 6. Beginning April 1, 2014, on historical horse races;
5 divided by:
- 6 (b) The total number of days that live racing was conducted at the track during the
7 fiscal year;
- 8 (6) "Department" means the Department of Revenue;
- 9 (7) "Fiscal year" means a time frame beginning 12:01 a.m. July 1, and ending 12
10 midnight June 30;
- 11 (8) "Handle" means total wagers made on a race;
- 12 (9) (a) "Historical horse race" means any horse race that:
- 13 1. Was previously run at a licensed pari-mutuel facility in the United
14 States;
- 15 2. Concluded with official results; and
- 16 3. Concluded without scratches, disqualifications, or dead-heat finishes.
- 17 (b) As used in this subsection, the terms "pari-mutuel," "scratch,"
18 "disqualification," and "dead heat" have the same meaning as established by
19 the commission pursuant to an administrative regulation promulgated under
20 KRS Chapter 13A;
- 21 (10) "Host track" has the same meaning as in KRS 230.210;
- 22 (11) "Interstate wagering" has the same meaning as in KRS 230.210;
- 23 (12) "Intertrack wagering" has the same meaning as in KRS 230.210;
- 24 (13) "Kentucky resident" means:
- 25 (a) An individual domiciled within this state;
- 26 (b) An individual who maintains a place of abode in this state and spends, in the
27 aggregate, more than one hundred eighty-three (183) days of the taxable year

1 in this state; or

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

5 (14) "Receiving track" has the same meaning as in KRS 230.210;

6 (15) "Simulcast facility" has the same meaning as in KRS 230.210;

7 (16) "Takeout" means that portion of the handle which is distributed to persons other
8 than those making wagers;

9 (17) "Telephone account wagering" has the same meaning as in KRS 230.210; and

10 (18) "Track" has the same meaning as in KRS 230.210.

11 ➔Section 85. KRS 238.505 is amended to read as follows:

12 **Effective February 3, 2021,** as used in this chapter, unless the context requires otherwise:

13 (1) "Department" means the Department of Charitable Gaming ~~under~~~~[within]~~ the
14 ~~Kentucky Gaming Commission~~~~[Public Protection Cabinet]~~;

15 (2) "Charitable gaming" means bingo, charity game tickets, raffles, and charity
16 fundraising events conducted for fundraising purposes by charitable organizations
17 licensed and regulated under the provisions of this chapter. "Charitable gaming"
18 shall not include slot machines, electronic video gaming devices, wagering on live
19 sporting events, or simulcast broadcasts of horse races;

20 (3) "Charitable organization" means a nonprofit entity organized for charitable,
21 religious, educational, literary, civic, fraternal, or patriotic purposes;

22 (4) "Bingo" means a specific game of chance in which participants use cards or paper
23 sheets, or card-minding device representations thereof, divided into horizontal and
24 vertical spaces, each of which is designated by a letter and a number, and prizes are
25 awarded on the basis of the letters and numbers on the card conforming to a
26 predetermined and preannounced configuration of letters and numbers selected at
27 random;

- 1 (5) "Charity game ticket" means a game of chance using a folded or banded paper
2 ticket, or a paper card with perforated break-open tabs, or electronic pulltab device
3 representations thereof, the face of which is covered or otherwise hidden from view
4 to conceal a number, letter, symbol, or set of numbers, letters, or symbols, some of
5 which have been designated in advance as prize winners and shall include charity
6 game tickets that utilize a seal card. "Charity game ticket" shall include pulltabs,
7 both paper and electronic representations thereof;
- 8 (6) "Seal card" means a board or placard used in conjunction with charity game tickets,
9 that contains a seal or seals which, when removed or opened, reveal predesignated
10 winning numbers, letters, or symbols;
- 11 (7) "Raffle" means a game of chance in which a participant is required to purchase a
12 ticket for a chance to win a prize, with the winner to be determined by a random
13 drawing;
- 14 (8) "Charity fundraising event" means an activity of limited duration at which games of
15 chance approved by the department are conducted, including bingo, raffles, charity
16 game tickets, special limited charitable games, and wagering on prerecorded horse
17 races, KRS Chapter 230 notwithstanding. Examples of such activities include
18 events that attract patrons for community, social, and entertainment purposes apart
19 from charitable gaming, such as fairs, festivals, carnivals, licensed charitable
20 gaming organization conventions, bazaars, and banquets. For the purposes of this
21 subsection, "banquet" shall mean a formal meal or feast held by a charitable
22 organization for community, social, or entertainment purposes apart from charitable
23 gaming;
- 24 (9) "Manufacturer" means a person who assembles from raw materials or subparts any
25 charitable gaming equipment or supplies used in the conduct of charitable gaming,
26 including a person who converts, modifies, and adds to or removes parts from,
27 charitable gaming equipment and supplies. The term shall not include:

- 1 (a) Any person who services or repairs charitable gaming supplies and equipment,
2 so long as that person replaces or repairs an incidental, malfunctioning, or
3 nonfunctioning part with a similar or identical part; and
- 4 (b) Any distributor who cuts, collates, and packages for distribution any gaming
5 supplies and equipment purchased in bulk;
- 6 (10) "Distributor" means a person who sells, markets, leases, or otherwise furnishes to a
7 charitable organization charitable gaming equipment or supplies, or both, used in
8 the conduct of charitable gaming. "Distributor" shall not include:
- 9 (a) A resident printer who prints raffle tickets at the request of a licensed
10 charitable organization; and
- 11 (b) A licensed charitable organization that affects a one-time donation of
12 charitable gaming supplies or equipment to another licensed charitable
13 organization if the donation is first approved by the department.
- 14 (11) "Charitable gaming facility" means a person, including a licensed charitable
15 organization, that owns or is a lessee of premises which are leased or otherwise
16 made available to two (2) or more licensed charitable organizations, other than
17 itself, during a one (1) year period for the conduct of charitable gaming;
- 18 (12) "Gross receipts" means all moneys collected or received from the conduct of
19 charitable gaming;
- 20 (13) "Adjusted gross receipts" means gross receipts less all cash prizes and the amount
21 paid for merchandise prizes purchased;
- 22 (14) "Net receipts" means adjusted gross receipts less all expenses, charges, fees, and
23 deductions authorized under this chapter;
- 24 (15) "Charitable gaming supplies and equipment" means any material, device, apparatus,
25 or paraphernalia customarily used in the conduct of charitable gaming, including
26 bingo cards and paper, charity game tickets, and other apparatus or paraphernalia
27 used in conducting games of chance at charity fundraising events subject to

- 1 regulation under this chapter. The term shall not include any material, device,
2 apparatus, or paraphernalia incidental to the game, such as pencils, daubers, playing
3 cards, or other supplies that may be purchased from normal sources of supply;
- 4 (16) "Door prize" means a prize awarded to a person based solely upon the person's
5 attendance at an event or the purchase of a ticket to attend an event;
- 6 (17) "Special limited charitable game" means roulette; blackjack; poker; keno; money
7 wheel; baccarat; pusher-type games; any dice game where the player competes
8 against the house; and any other game of chance as identified, defined, and
9 approved by administrative regulation of the department;
- 10 (18) "Special limited charity fundraising event" means any type of charity fundraising
11 event, commonly known as and operated as a "casino night," "Las Vegas night," or
12 "Monte Carlo night," at which the predominant number or types of games offered
13 for play are special limited charitable games;
- 14 (19) "Session" or "bingo session" means a single gathering at which a bingo game or
15 series of successive bingo games are played, excluding bingo played at a charity
16 fundraising event;
- 17 (20) "Immediate family" means:
- 18 (a) Spouse and parents-in-law;
19 (b) Parents and grandparents;
20 (c) Children and their spouses; and
21 (d) Siblings and their spouses;
- 22 (21) "Affiliate" means any corporation, partnership, association, or other business or
23 professional entity or any natural person that directly or indirectly, through one or
24 more intermediaries, controls, or is controlled by, or is under common control with
25 a licensed manufacturer, distributor, or charitable gaming facility;
- 26 (22) ~~["Secretary" means the secretary of the Public Protection Cabinet;~~
27 ~~(23) "Commissioner" means the commissioner of the Department of Charitable Gaming~~

1 within the Kentucky Gaming Commission~~[Public Protection Cabinet]~~;

2 ~~(23)~~~~(24)~~ "Chairperson" means the chief executive officer and any officer, member, or
3 employee of a licensed charitable organization who will be involved in the
4 management and supervision of charitable gaming as designated in the
5 organization's charitable gaming license application under KRS 238.535(13)(g);

6 ~~(24)~~~~(25)~~ "Year" means calendar year except as used in subsection (11) of this section
7 and KRS 238.535(11), 238.545(4), 238.547(1), and 238.555(7), when "year" means
8 the licensee's license year; and

9 ~~(25)~~~~(26)~~ "Card-minding device" means any mechanical, electronic, electromechanical,
10 or computerized device that is interfaced with or connected to equipment used to
11 conduct a game of bingo and that allows a player to store, display, and mark a bingo
12 card face. A card-minding device shall not be designed and manufactured to
13 resemble any electronic gaming device that utilizes a video display monitor, such as
14 a video lottery terminal, video slot machine, video poker machine, or any similar
15 video gaming device;

16 ~~(26)~~~~(27)~~ "Electronic pulltab device" means an electronic device used only for
17 charitable gaming to facilitate the play of an electronic pulltab. An electronic
18 pulltab device shall be a tablet or other personal computing device, other than a
19 mobile phone or similar handheld device, as approved by the department. An
20 electronic pulltab device may only operate on a closed network or intranet that is
21 confined to the licensee's premises, and shall not be Internet accessible by patrons,
22 but shall be connected to a central server system solely for the purposes of
23 monitoring, reporting, accounting, and software maintenance. An electronic pulltab
24 device shall not be designed and manufactured to resemble any electronic gaming
25 device that utilizes a video display monitor, such as a video lottery terminal, video
26 slot machine, video poker machine, or any similar video gaming device;~~and~~

27 ~~(27)~~~~(28)~~ "Electronic video gaming device," as used in this chapter and the related

1 administrative regulations, means any device that possesses a video display and
2 computer mechanism for playing a game. Electronic video gaming device shall not
3 mean any electronic representation of charitable gaming games identified, defined,
4 and approved by statute and by administrative regulation of the department; and

5 **(28) "Gaming commission chair" means the chairperson of the Kentucky Gaming**
6 **Commission, established in Section 2 of this Act.**

7 ➔Section 86. KRS 238.510 is amended to read as follows:

- 8 (1) **On February 3, 2021,** the Department of Charitable Gaming **shall be established**~~is~~
9 ~~created~~ as a department **under**~~within~~ the **Kentucky Gaming Commission**~~Public~~
10 ~~Protection—Cabinet~~. The department shall license and regulate the conduct of
11 charitable gaming and license and regulate charitable organizations that desire to
12 engage in charitable gaming, charitable gaming facilities, manufacturers, and
13 distributors in the Commonwealth of Kentucky in accordance with the provisions of
14 this chapter.
- 15 (2) The department shall be headed by a commissioner who shall be appointed by the
16 **Kentucky Gaming Commission**~~Governor~~. The commissioner shall employ staff
17 as may be necessary to administer and enforce the provisions of this chapter.
- 18 (3) All department staff shall be classified and employed in accordance with applicable
19 personnel requirements of the Personnel Cabinet in accordance with KRS Chapter
20 18A.
- 21 (4) No employee of the department during his or her term of employment shall be an
22 officer in a charitable organization that is licensed to conduct charitable gaming or
23 be involved in the conduct of charitable gaming as a member of a licensed
24 charitable organization. No employee of the department during his or her term of
25 employment shall be licensed as a manufacturer, distributor, or charitable gaming
26 facility, or have a financial interest in any business that is licensed as a
27 manufacturer, distributor, or charitable gaming facility.

- 1 (5) The commissioner shall appoint charitable gaming investigators who shall have the
2 powers of peace officers throughout the Commonwealth; however, those powers
3 shall be limited to:
- 4 (a) Enforcement of the provisions of KRS Chapter 238, relating to charitable
5 gaming;
 - 6 (b) Violations of KRS Chapter 528, relating to:
 - 7 1. Unlicensed and illegal charitable gaming;
 - 8 2. Gambling offenses committed on licensed charitable gaming premises;
 - 9 and
 - 10 3. Gambling offenses committed in conjunction with charitable gaming;
 - 11 (c) Violations of KRS Chapter 514, relating to theft, embezzlement, or other
12 illegal diversions of charitable gaming proceeds;
 - 13 (d) Violations of KRS Chapters 516 and 517, relating to forgery and fraud in the
14 conduct of charitable gaming;
 - 15 (e) Violations relating to the damage or destruction of real or personal property
16 owned or leased by a charitable gaming licensee; and
 - 17 (f) Violation of any criminal felony offense committed:
 - 18 1. On licensed charitable gaming premises; and
 - 19 2. In the presence of a charitable gaming investigator.
- 20 (6) Charitable gaming investigators shall satisfy the certification standards established
21 by the Department of Criminal Justice Training pursuant to KRS Chapter 15. The
22 commissioner may possess peace officer powers granted under subsection (5) of
23 this section, if he or she is duly qualified. Charitable gaming investigators shall not
24 qualify for hazardous duty coverage under the Kentucky Employees Retirement
25 System.
- 26 (7) Charitable gaming investigators so appointed shall not possess peace officer powers
27 other than those provided in subsection (5) of this section.

1 ➔Section 87. KRS 238.520 is amended to read as follows:

- 2 (1) The Charitable Gaming Advisory Commission is created to be composed of nine (9)
3 members consisting of:
- 4 (a) The ***gaming commission chair***~~[secretary of the Public Protection Cabinet]~~ or
5 his ***or her*** designee;
 - 6 (b) The Attorney General or his ***or her*** designee;
 - 7 (c) One (1) representative from the Kentucky Commonwealth's Attorneys
8 Association;
 - 9 (d) One (1) representative from the Kentucky Charitable Gaming Association;
 - 10 (e) One (1) certified public accountant;
 - 11 (f) One (1) member selected from the public at large;
 - 12 (g) One (1) representative selected from the Joint Executive Council of Veterans
13 Organizations of Kentucky;
 - 14 (h) One (1) representative from Catholic organizations; and
 - 15 (i) One (1) representative from Kentucky's volunteer firefighter organizations.
- 16 The certified public accountant, the one (1) at-large member, and the representatives
17 from the Kentucky Commonwealth's Attorneys Association and the Kentucky
18 Charitable Gaming Association shall be appointed by the Governor. The
19 representative from each of the two (2) associations, the one (1) representative from
20 the Joint Executive Council of Veterans Organizations of Kentucky, the one (1)
21 representative from the Catholic organizations, and the one (1) representative from
22 the volunteer firefighter organizations shall be selected from a list of at least three
23 (3) names submitted to the Governor by the respective association.
- 24 (2) Initial appointments to the commission shall be for staggered terms as follows: one
25 (1) member for a term of one (1) year; two (2) members for a term of two (2) years;
26 two (2) members for a term of three (3) years; and two (2) members for a term of
27 four (4) years. Thereafter, each member shall be appointed for a term of four (4)

1 years. No member from the public at large shall be appointed in the same year.
2 Vacancies shall be filled in the same manner as the original appointment for the
3 unexpired portion of the term. No member of the commission may serve more than
4 two (2) full terms.

5 (3) The Charitable Gaming Advisory Commission shall provide ongoing advice and
6 input to the department and to the General Assembly but shall not become directly
7 involved in the licensing and regulation of charitable gaming by the department.

8 (4) The commission shall meet quarterly, upon the request of the chair or four (4) of its
9 members or as otherwise directed by the department. Five (5) members shall
10 constitute a quorum for conducting business. The commission shall annually elect a
11 chairman from its membership, and no person elected chairman shall serve more
12 than two (2) consecutive terms of one (1) year each. Members shall receive no
13 compensation for serving on the commission, but shall be reimbursed for travel
14 expenses for attending meetings and performing other official functions, consistent
15 with state reimbursement policy for state employees.

16 ➔Section 88. KRS 238.565 is amended to read as follows:

17 (1) (a) A license holder may appeal any administrative action taken under KRS
18 238.560 to the Kentucky Gaming Commission.

19 (b) A license holder shall be notified in writing of any action to be taken against
20 him. The notification may be delivered in person or mailed by certified mail,
21 return receipt requested, to the last known address of the license holder.

22 (c) Service of notification of administrative action, whether by hand delivery or
23 by certified mail, shall be deemed complete if the license holder fails or
24 refuses to accept delivery. For service by hand delivery, notification shall be
25 deemed received upon acceptance of delivery or upon failure or refusal to
26 accept delivery, and the person affecting service on behalf of the department
27 shall record the fact of the failure or refusal. For service by certified mail, the

1 notification of administrative action shall be deemed received when the
2 license holder accepts delivery or fails or refuses to accept delivery at the last
3 known address.

4 **(d)** The notification shall specify the charges against the license holder, specify
5 the proposed administrative sanction, and advise him of his right to appeal the
6 decision within ten (10) days of the date of receipt of the notification.

7 (2) Upon receipt of an appeal, the **gaming commission**~~[department]~~ shall schedule the
8 matter for an administrative hearing that shall be conducted in accordance with
9 KRS Chapter 13B.

10 (3) Any provisions of KRS Chapter 13B notwithstanding, within twenty (20) days after
11 the conclusion of a hearing, the hearing officer shall prepare and present to the
12 commissioner a **final**~~[recommended]~~ order based on findings of fact and
13 conclusions of law.~~[Within thirty (30) days of receipt of the recommended order,~~
14 ~~the commissioner shall affirm, reject, or modify, in whole or in part, the~~
15 ~~recommended order and shall issue a final order.]~~ The final order shall be the final
16 administrative action on the matter and a copy of the final order shall be mailed to
17 the license holder, by certified mail, return receipt requested.

18 (4) Any administrative action taken under this section shall, upon appeal, be stayed
19 until a final order is issued, with the exception of a summary suspension. The
20 department may issue an emergency order pursuant to KRS 13B.125 to summarily
21 suspend a license upon finding that continued operation of the license holder
22 pending a hearing would constitute a threat to the public health, safety, or welfare.

23 (5) A final order of the **gaming commission**~~[commissioner]~~ may be appealed to
24 Franklin Circuit Court in accordance with KRS Chapter 13B. If the license holder
25 against whom administrative action is proposed does not request an appeal of the
26 action, the department shall enter a final order imposing the proposed administrative
27 action.

1 ➔Section 89. KRS 238.570 is amended to read as follows:

2 (1) A fee is imposed on charitable gaming in the amount of fifty-three hundredths of
3 one percent (0.53%) of gross receipts derived from all charitable gaming conducted
4 by charitable organizations required to be licensed in the Commonwealth of
5 Kentucky. The amount of the fee shall be adjusted by October 1 of each odd-
6 numbered year in accordance with subsection (3) of this section. Each licensed
7 charitable organization shall remit to the department all moneys due as set forth in
8 administrative regulations promulgated by the department. Failure by a licensed
9 charitable organization to timely remit the fee required under this subsection upon
10 notice of delinquency shall constitute grounds for disciplinary action in accordance
11 with KRS 238.560.

12 (2) The charitable gaming regulatory account is hereby created as a revolving account
13 within the agency revenue fund and under the control of the **Kentucky Gaming**
14 **Commission**~~[Public Protection Cabinet]~~. All revenues generated from the fee levied
15 in subsection (1) of this section from license fees and from administrative fines
16 imposed by the department shall be deposited in this account. Fund amounts
17 attributable to the fee levied in subsection (1) of this section that are not expended
18 at the close of a fiscal year shall not lapse but shall be carried forward to the next
19 fiscal year.

20 (3) (a) No later than July 31 of each odd-numbered year, the **Kentucky Gaming**
21 **Commission**~~[Public Protection Cabinet]~~ shall determine:

- 22 1. The amount of gross receipts during the prior biennium against which
23 the fee collected under subsection (1) of this section was assessed; and
- 24 2. The final budgeted amount as determined by the enacted budget for the
25 upcoming biennium for the administration and enforcement of the
26 provisions of this chapter. If a budget is not enacted, the amount shall be
27 the corresponding amount in the last enacted budget.

1 (b) On October 1 of each odd-numbered year, the fee assessed under subsection
2 (1) of this section shall be proportionally adjusted by the *Kentucky Gaming*
3 *Commission*~~[Public Protection Cabinet]~~. The new rate shall be calculated by
4 multiplying one hundred ten percent (110%) by the amount determined in
5 paragraph (a)2. of this subsection, and subtracting from that amount one-half
6 (1/2) of any remaining balance in the account. The total shall then be divided
7 by the amount determined in paragraph (a)1. of this subsection. The result
8 shall be expressed as a percentage and shall be rounded to the nearest
9 thousandth of a percent (0.000%).

10 ➔Section 90. KRS 12.020 is amended to read as follows:

11 Departments, program cabinets and their departments, and the respective major
12 administrative bodies that they include are enumerated in this section. It is not intended
13 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
14 bureau, interstate compact, commission, committee, conference, council, office, or any
15 other form of organization shall be included in or attached to the department or program
16 cabinet in which they are included or to which they are attached by statute or statutorily
17 authorized executive order; except in the case of the Personnel Board and where the
18 attached department or administrative body is headed by a constitutionally elected officer,
19 the attachment shall be solely for the purpose of dissemination of information and
20 coordination of activities and shall not include any authority over the functions,
21 personnel, funds, equipment, facilities, or records of the department or administrative
22 body.

23 I. Cabinet for General Government - Departments headed by elected officers:

- 24 (1) The Governor.
25 (2) Lieutenant Governor.
26 (3) Department of State.
27 (a) Secretary of State.

- 1 (b) Board of Elections.
- 2 (c) Registry of Election Finance.
- 3 (4) Department of Law.
- 4 (a) Attorney General.
- 5 (5) Department of the Treasury.
- 6 (a) Treasurer.
- 7 (6) Department of Agriculture.
- 8 (a) Commissioner of Agriculture.
- 9 (b) Kentucky Council on Agriculture.
- 10 (7) Auditor of Public Accounts.
- 11 II. Program cabinets headed by appointed officers:
- 12 (1) Justice and Public Safety Cabinet:
- 13 (a) Department of Kentucky State Police.
- 14 (b) Department of Criminal Justice Training.
- 15 (c) Department of Corrections.
- 16 (d) Department of Juvenile Justice.
- 17 (e) Office of the Secretary.
- 18 (f) Office of Drug Control Policy.
- 19 (g) Office of Legal Services.
- 20 (h) Office of the Kentucky State Medical Examiner.
- 21 (i) Parole Board.
- 22 (j) Kentucky State Corrections Commission.
- 23 (k) Office of Legislative and Intergovernmental Services.
- 24 (l) Office of Management and Administrative Services.
- 25 (m) Department of Public Advocacy.
- 26 (2) Education and Workforce Development Cabinet:
- 27 (a) Office of the Secretary.

- 1 1. Governor's Scholars Program.
- 2 2. Governor's School for Entrepreneurs Program.
- 3 (b) Office of Legal and Legislative Services.
- 4 1. Client Assistance Program.
- 5 (c) Office of Communication.
- 6 (d) Office of Budget and Administration.
- 7 1. Division of Human Resources.
- 8 2. Division of Administrative Services.
- 9 (e) Office of Technology Services.
- 10 (f) Office of Educational Programs.
- 11 (g) Office for Education and Workforce Statistics.
- 12 (h) Board of the Kentucky Center for Education and Workforce Statistics.
- 13 (i) Board of Directors for the Center for School Safety.
- 14 (j) Department of Education.
- 15 1. Kentucky Board of Education.
- 16 2. Kentucky Technical Education Personnel Board.
- 17 (k) Department for Libraries and Archives.
- 18 (l) Department of Workforce Investment.
- 19 1. Office for the Blind.
- 20 2. Office of Vocational Rehabilitation.
- 21 3. Office of Employment and Training.
- 22 a. Division of Grant Management and Support.
- 23 b. Division of Workforce and Employment Services.
- 24 c. Division of Unemployment Insurance.
- 25 (m) Foundation for Workforce Development.
- 26 (n) Kentucky Office for the Blind State Rehabilitation Council.
- 27 (o) Kentucky Workforce Investment Board.

- 1 (p) Statewide Council for Vocational Rehabilitation.
- 2 (q) Unemployment Insurance Commission.
- 3 (r) Education Professional Standards Board.
- 4 1. Division of Educator Preparation.
- 5 2. Division of Certification.
- 6 3. Division of Professional Learning and Assessment.
- 7 4. Division of Legal Services.
- 8 (s) Kentucky Commission on the Deaf and Hard of Hearing.
- 9 (t) Kentucky Educational Television.
- 10 (u) Kentucky Environmental Education Council.
- 11 (3) Energy and Environment Cabinet:
- 12 (a) Office of the Secretary.
- 13 1. Office of Legislative and Intergovernmental Affairs.
- 14 2. Office of Legal Services.
- 15 a. Legal Division I.
- 16 b. Legal Division II.
- 17 3. Office of Administrative Hearings.
- 18 4. Office of Communication.
- 19 5. Mine Safety Review Commission.
- 20 6. Office of Kentucky Nature Preserves.
- 21 7. Kentucky Public Service Commission.
- 22 (b) Department for Environmental Protection.
- 23 1. Office of the Commissioner.
- 24 2. Division for Air Quality.
- 25 3. Division of Water.
- 26 4. Division of Environmental Program Support.
- 27 5. Division of Waste Management.

- 1 6. Division of Enforcement.
- 2 7. Division of Compliance Assistance.
- 3 (c) Department for Natural Resources.
- 4 1. Office of the Commissioner.
- 5 2. Division of Mine Permits.
- 6 3. Division of Mine Reclamation and Enforcement.
- 7 4. Division of Abandoned Mine Lands.
- 8 5. Division of Oil and Gas.
- 9 6. Division of Mine Safety.
- 10 7. Division of Forestry.
- 11 8. Division of Conservation.
- 12 9. Office of the Reclamation Guaranty Fund.
- 13 (d) Office of Energy Policy.
- 14 1. Division of Energy Assistance.
- 15 (e) Office of Administrative Services.
- 16 1. Division of Human Resources Management.
- 17 2. Division of Financial Management.
- 18 3. Division of Information Services.
- 19 (4) Public Protection Cabinet.
- 20 (a) Office of the Secretary.
- 21 1. Office of Communications and Public Outreach.
- 22 2. Office of Legal Services.
- 23 a. Insurance Legal Division.
- 24 b. ~~{Charitable Gaming Legal Division.~~
- 25 e.—}Alcoholic Beverage Control Legal Division.
- 26 c.~~{d.}~~Housing, Buildings and Construction Legal Division.
- 27 d.~~{e.}~~Financial Institutions Legal Division.

- 1 ~~e.[f.]~~ Professional Licensing Legal Division.
- 2 3. Office of Administrative Hearings.
- 3 4. Office of Administrative Services.
- 4 a. Division of Human Resources.
- 5 b. Division of Fiscal Responsibility.
- 6 (b) Kentucky Claims Commission.
- 7 (c) Kentucky Boxing and Wrestling Commission.
- 8 (d) ~~[Kentucky Horse Racing Commission.~~
- 9 1. ~~—Office of Executive Director.~~
- 10 a. ~~—Division of Pari-mutuel Wagering and Compliance.~~
- 11 b. ~~—Division of Stewards.~~
- 12 c. ~~—Division of Licensing.~~
- 13 d. ~~—Division of Enforcement.~~
- 14 e. ~~—Division of Incentives and Development.~~
- 15 f. ~~—Division of Veterinary Services.~~
- 16 (e) ~~—]Department of Alcoholic Beverage Control.~~
- 17 1. Division of Distilled Spirits.
- 18 2. Division of Malt Beverages.
- 19 3. Division of Enforcement.
- 20 ~~[(f) —Department of Charitable Gaming.~~
- 21 1. ~~—Division of Licensing and Compliance.~~
- 22 2. ~~—Division of Enforcement.]~~
- 23 ~~(e)[(g)]~~ Department of Financial Institutions.
- 24 1. Division of Depository Institutions.
- 25 2. Division of Non-Depository Institutions.
- 26 3. Division of Securities.
- 27 ~~(f)[(h)]~~ Department of Housing, Buildings and Construction.

- 1 1. Division of Fire Prevention.
- 2 2. Division of Plumbing.
- 3 3. Division of Heating, Ventilation, and Air Conditioning.
- 4 4. Division of Building Code Enforcement.
- 5 ~~(g)(i)~~ Department of Insurance.
- 6 1. Division of Insurance Product Regulation.
- 7 2. Division of Administrative Services.
- 8 3. Division of Financial Standards and Examination.
- 9 4. Division of Agent Licensing.
- 10 5. Division of Insurance Fraud Investigation.
- 11 6. Division of Consumer Protection.
- 12 7. Division of Kentucky Access.
- 13 ~~(h)(i)~~ Department of Professional Licensing.
- 14 1. Real Estate Authority.
- 15 *(i) Kentucky Gaming Commission.*
- 16 *1. Lottery Department.*
- 17 *2. Racing Department.*
- 18 *3. Department of Charitable Gaming.*
- 19 (5) Labor Cabinet.
- 20 (a) Office of the Secretary.
- 21 1. Office of General Counsel.
- 22 a. Workplace Standards Legal Division.
- 23 b. Workers' Claims Legal Division.
- 24 2. Office of Administrative Services.
- 25 a. Division of Human Resources Management.
- 26 b. Division of Fiscal Management.
- 27 c. Division of Professional Development and Organizational

- 1 Management.
- 2 d. Division of Information Technology and Support Services.
- 3 3. Office of Inspector General.
- 4 (b) Department of Workplace Standards.
- 5 1. Division of Apprenticeship.
- 6 2. Division of Occupational Safety and Health Compliance.
- 7 3. Division of Occupational Safety and Health Education and
- 8 Training.
- 9 4. Division of Wages and Hours.
- 10 (c) Department of Workers' Claims.
- 11 1. Division of Workers' Compensation Funds.
- 12 2. Office of Administrative Law Judges.
- 13 3. Division of Claims Processing.
- 14 4. Division of Security and Compliance.
- 15 5. Division of Information Services.
- 16 6. Division of Specialist and Medical Services.
- 17 7. Workers' Compensation Board.
- 18 (d) Workers' Compensation Funding Commission.
- 19 (e) Occupational Safety and Health Standards Board.
- 20 (f) Apprenticeship and Training Council.
- 21 (g) State Labor Relations Board.
- 22 (h) Employers' Mutual Insurance Authority.
- 23 (i) Kentucky Occupational Safety and Health Review Commission.
- 24 (j) Workers' Compensation Nominating Committee.
- 25 (6) Transportation Cabinet:
- 26 (a) Department of Highways.
- 27 1. Office of Project Development.

- 1 2. Office of Project Delivery and Preservation.
- 2 3. Office of Highway Safety.
- 3 4. Highway District Offices One through Twelve.
- 4 (b) Department of Vehicle Regulation.
- 5 (c) Department of Aviation.
- 6 (d) Department of Rural and Municipal Aid.
 - 7 1. Office of Local Programs.
 - 8 2. Office of Rural and Secondary Roads.
- 9 (e) Office of the Secretary.
 - 10 1. Office of Public Affairs.
 - 11 2. Office for Civil Rights and Small Business Development.
 - 12 3. Office of Budget and Fiscal Management.
 - 13 4. Office of Inspector General.
- 14 (f) Office of Support Services.
- 15 (g) Office of Transportation Delivery.
- 16 (h) Office of Audits.
- 17 (i) Office of Human Resource Management.
- 18 (j) Office of Information Technology.
- 19 (k) Office of Legal Services.
- 20 (7) Cabinet for Economic Development:
 - 21 (a) Office of the Secretary.
 - 22 1. Office of Legal Services.
 - 23 2. Department for Business Development.
 - 24 3. Department for Financial Services.
 - 25 a. Kentucky Economic Development Finance Authority.
 - 26 b. Finance and Personnel Division.
 - 27 c. IT and Resource Management Division.

- 1 d. Compliance Division.
- 2 e. Incentive Administration Division.
- 3 f. Bluegrass State Skills Corporation.
- 4 4. Office of Marketing and Public Affairs.
 - 5 a. Communications Division.
 - 6 b. Graphics Design Division.
- 7 5. Office of Workforce, Community Development, and Research.
- 8 6. Office of Entrepreneurship.
 - 9 a. Commission on Small Business Advocacy.
- 10 (8) Cabinet for Health and Family Services:
 - 11 (a) Office of the Secretary.
 - 12 (b) Office of Health Policy.
 - 13 (c) Office of Legal Services.
 - 14 (d) Office of Inspector General.
 - 15 (e) Office of Communications and Administrative Review.
 - 16 (f) Office of the Ombudsman.
 - 17 (g) Office of Finance and Budget.
 - 18 (h) Office of Human Resource Management.
 - 19 (i) Office of Administrative and Technology Services.
 - 20 (j) Department for Public Health.
 - 21 (k) Department for Medicaid Services.
 - 22 (l) Department for Behavioral Health, Developmental and Intellectual
 - 23 Disabilities.
 - 24 (m) Department for Aging and Independent Living.
 - 25 (n) Department for Community Based Services.
 - 26 (o) Department for Income Support.
 - 27 (p) Department for Family Resource Centers and Volunteer Services.

- 1 (q) Office for Children with Special Health Care Needs.
- 2 (r) Governor's Office of Electronic Health Information.
- 3 (s) Office of Legislative and Regulatory Affairs.
- 4 (9) Finance and Administration Cabinet:
- 5 (a) Office of the Secretary.
- 6 (b) Office of the Inspector General.
- 7 (c) Office of Legislative and Intergovernmental Affairs.
- 8 (d) Office of General Counsel.
- 9 (e) Office of the Controller.
- 10 (f) Office of Administrative Services.
- 11 (g) Office of Policy and Audit.
- 12 (h) Department for Facilities and Support Services.
- 13 (i) Department of Revenue.
- 14 (j) Commonwealth Office of Technology.
- 15 (k) State Property and Buildings Commission.
- 16 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 17 (m) Kentucky Employees Retirement Systems.
- 18 (n) Commonwealth Credit Union.
- 19 (o) State Investment Commission.
- 20 (p) Kentucky Housing Corporation.
- 21 (q) Kentucky Local Correctional Facilities Construction Authority.
- 22 (r) Kentucky Turnpike Authority.
- 23 (s) Historic Properties Advisory Commission.
- 24 (t) Kentucky Tobacco Settlement Trust Corporation.
- 25 (u) Kentucky Higher Education Assistance Authority.
- 26 (v) Kentucky River Authority.
- 27 (w) Kentucky Teachers' Retirement System Board of Trustees.

- 1 (x) Executive Branch Ethics Commission.
- 2 (10) Tourism, Arts and Heritage Cabinet:
- 3 (a) Kentucky Department of Tourism.
- 4 1. Division of Tourism Services.
- 5 2. Division of Marketing and Administration.
- 6 3. Division of Communications and Promotions.
- 7 (b) Kentucky Department of Parks.
- 8 1. Division of Information Technology.
- 9 2. Division of Human Resources.
- 10 3. Division of Financial Operations.
- 11 4. Division of Facilities Management.
- 12 5. Division of Facilities Maintenance.
- 13 6. Division of Customer Services.
- 14 7. Division of Recreation.
- 15 8. Division of Golf Courses.
- 16 9. Division of Food Services.
- 17 10. Division of Rangers.
- 18 11. Division of Resort Parks.
- 19 12. Division of Recreational Parks and Historic Sites.
- 20 (c) Department of Fish and Wildlife Resources.
- 21 1. Division of Law Enforcement.
- 22 2. Division of Administrative Services.
- 23 3. Division of Engineering, Infrastructure, and Technology.
- 24 4. Division of Fisheries.
- 25 5. Division of Information and Education.
- 26 6. Division of Wildlife.
- 27 7. Division of Marketing.

- 1 (d) Kentucky Horse Park.
- 2 1. Division of Support Services.
- 3 2. Division of Buildings and Grounds.
- 4 3. Division of Operational Services.
- 5 (e) Kentucky State Fair Board.
- 6 1. Office of Administrative and Information Technology Services.
- 7 2. Office of Human Resources and Access Control.
- 8 3. Division of Expositions.
- 9 4. Division of Kentucky Exposition Center Operations.
- 10 5. Division of Kentucky International Convention Center.
- 11 6. Division of Public Relations and Media.
- 12 7. Division of Venue Services.
- 13 8. Division of Personnel Management and Staff Development.
- 14 9. Division of Sales.
- 15 10. Division of Security and Traffic Control.
- 16 11. Division of Information Technology.
- 17 12. Division of the Louisville Arena.
- 18 13. Division of Fiscal and Contract Management.
- 19 14. Division of Access Control.
- 20 (f) Office of the Secretary.
- 21 1. Office of Finance.
- 22 2. Office of Government Relations and Administration.
- 23 3. Office of Film and Tourism Development.
- 24 (g) Office of Legal Affairs.
- 25 (h) Office of Human Resources.
- 26 (i) Office of Public Affairs and Constituent Services.
- 27 (j) Office of Arts and Cultural Heritage.

- 1 (k) Kentucky African-American Heritage Commission.
 - 2 (l) Kentucky Foundation for the Arts.
 - 3 (m) Kentucky Humanities Council.
 - 4 (n) Kentucky Heritage Council.
 - 5 (o) Kentucky Arts Council.
 - 6 (p) Kentucky Historical Society.
 - 7 1. Division of Museums.
 - 8 2. Division of Oral History and Educational Outreach.
 - 9 3. Division of Research and Publications.
 - 10 4. Division of Administration.
 - 11 (q) Kentucky Center for the Arts.
 - 12 1. Division of Governor's School for the Arts.
 - 13 (r) Kentucky Artisans Center at Berea.
 - 14 (s) Northern Kentucky Convention Center.
 - 15 (t) Eastern Kentucky Exposition Center.
- 16 (11) Personnel Cabinet:
- 17 (a) Office of the Secretary.
 - 18 (b) Department of Human Resources Administration.
 - 19 (c) Office of Employee Relations.
 - 20 (d) Kentucky Public Employees Deferred Compensation Authority.
 - 21 (e) Office of Administrative Services.
 - 22 (f) Office of Legal Services.
 - 23 (g) Governmental Services Center.
 - 24 (h) Department of Employee Insurance.
 - 25 (i) Office of Diversity, Equality, and Training.
 - 26 (j) Office of Public Affairs.

27 III. Other departments headed by appointed officers:

- 1 (1) Council on Postsecondary Education.
- 2 (2) Department of Military Affairs.
- 3 (3) Department for Local Government.
- 4 (4) Kentucky Commission on Human Rights.
- 5 (5) Kentucky Commission on Women.
- 6 (6) Department of Veterans' Affairs.
- 7 (7) Kentucky Commission on Military Affairs.
- 8 (8) Office of Minority Empowerment.
- 9 (9) Governor's Council on Wellness and Physical Activity.
- 10 (10) Kentucky Communications Network Authority.

11 ➔Section 91. KRS 12.252 is amended to read as follows:

- 12 (1) There is established within the Public Protection Cabinet a Department of Financial
13 Institutions, a Department of Insurance, a Department of Housing, Buildings and
14 Construction, ~~and a Department of Charitable Gaming,~~ a Department of Professional
15 Licensing, and a Department of Alcoholic Beverage Control. Each department shall
16 be headed by a commissioner appointed by the Governor as required by KRS
17 12.040 and, where appropriate, by KRS 238.510, 241.015, and 304.2-020.
18 Commissioners shall be directly responsible to the secretary and shall perform the
19 functions, powers, and duties provided by law and prescribed by the secretary.
- 20 (2) The secretary of the Public Protection Cabinet shall be appointed by the Governor
21 in accordance with KRS 12.255. The Office of the Secretary shall contain the
22 following entities:
 - 23 (a) The Office of Communications and Public Outreach, which shall be headed
24 by an executive director appointed by the secretary with the approval of the
25 Governor in accordance with KRS 12.050;
 - 26 (b) The Office of Legal Services, which shall be headed by an executive director
27 appointed by the secretary with the approval of the Governor in accordance

1 with KRS 12.050 and 12.210;

2 (c) The Office of Administrative Hearings, which shall be headed by an executive
3 director appointed by the secretary with the approval of the Governor in
4 accordance with KRS 12.050 and 12.210; and

5 (d) The Office of Administrative Services, which shall be headed by an executive
6 director appointed by the secretary with the approval of the Governor in
7 accordance with KRS 12.050.

8 (3) There is established within the Public Protection Cabinet the Kentucky Claims
9 Commission pursuant to KRS 49.010.

10 (4) The Kentucky Gaming~~[Horse Racing]~~ Commission is attached to the Public
11 Protection Cabinet for administrative purposes only~~[, except as provided in KRS~~
12 ~~131.330]~~.

13 (5) There is established within the Public Protection Cabinet the Kentucky Boxing and
14 Wrestling Commission, which shall be headed by an executive director appointed
15 by the secretary with the approval of the Governor as required by KRS 12.050. The
16 executive director shall be directly responsible to the secretary and shall perform the
17 functions, powers, and duties provided by law and prescribed by the secretary.

18 ➔Section 92. KRS 6.611 is amended to read as follows:

19 As used in this code, unless the context requires otherwise:

20 (1) "Adversarial proceeding" means a proceeding in which decisions are made based
21 upon evidence presented as measured against established standards, with parties
22 having the right to appeal the decision on the record to a court;

23 (2) (a) "Anything of value" includes the following:

- 24 1. A pecuniary item, including money, or a bank bill or note;
- 25 2. A promissory note, bill of exchange, order, draft, warrant, check, or
26 bond given for the payment of money;
- 27 3. A contract, agreement, promise, or other obligation for an advance,

- 1 conveyance, forgiveness of indebtedness, deposit, distribution, loan,
2 payment, gift, pledge, or transfer of money;
- 3 4. A stock, bond, note, or other investment interest in an entity;
- 4 5. A receipt given for the payment of money or other property;
- 5 6. A right in action;
- 6 7. A gift, tangible good, chattel, or an interest in a gift, tangible good, or
7 chattel;
- 8 8. A loan or forgiveness of indebtedness;
- 9 9. A work of art, antique, or collectible;
- 10 10. An automobile or other means of personal transportation;
- 11 11. Real property or an interest in real property, including title to realty; a
12 fee simple or partial interest, present or future, contingent or vested,
13 within realty; a leasehold interest; or other beneficial interest in realty;
- 14 12. A rebate or discount in the price of anything of value unless the rebate or
15 discount is made in the ordinary course of business to a member of the
16 public without regard to that person's status as a legislator;
- 17 13. A promise or offer of employment; or
- 18 14. Any other thing of value that is pecuniary or compensatory in value to a
19 person, or the primary significance of which is economic gain.
- 20 (b) "Anything of value" does not include:
- 21 1. A campaign contribution properly received and reported, if reportable,
22 as required under KRS Chapter 121;
- 23 2. Compensation, food, beverages, entertainment, transportation, lodging,
24 or other goods or services extended to a legislator by the legislator's
25 private employer or by a person other than a legislative agent or
26 employer;
- 27 3. A usual and customary commercial loan made in the ordinary course of

- 1 business, without regard to the recipient's status as a legislator, and by a
2 person or institution authorized by law to engage in the business of
3 making loans;
- 4 4. A certificate, plaque, or commemorative token of less than one hundred
5 fifty dollars (\$150) value;
- 6 5. Promotional items of less than fifty dollars (\$50);
- 7 6. Educational items;
- 8 7. Informational items;
- 9 8. The cost of attendance or participation, and of food and beverages
10 consumed, at events:
- 11 a. To which all members of the Kentucky Senate or the Kentucky
12 House of Representatives, or both, are invited;
- 13 b. To which all members of a joint committee or task force of the
14 Kentucky Senate and the Kentucky House of Representatives are
15 invited;
- 16 c. To which a caucus of legislators approved as a caucus by the
17 Legislative Research Commission is invited;
- 18 d. Sponsored or coordinated by a state or local government entity,
19 including a state institution of higher education, provided that the
20 cost thereof is covered by the state or local government entity or
21 state institution of higher education; or
- 22 e. To which an individual legislator is invited that are held in-state,
23 and for which the legislator receives prior approval from a
24 majority of the Legislative Research Commission;
- 25 9. Gifts from a person related by blood or marriage or a member of the
26 legislator's household;
- 27 10. A gift that:

- 1 a. Is not used; and
- 2 b. No later than thirty (30) days after receipt, is returned to the donor
- 3 or delivered to a charitable organization and is not claimed as a
- 4 charitable contribution for federal income tax purposes;
- 5 11. The cost, paid, reimbursed, raised, or obtained by the Legislative
- 6 Research Commission, for attendance or participation, and for food and
- 7 beverages consumed at, and funds, goods, and services provided for
- 8 conducting events sponsored or coordinated by multistate or national
- 9 organizations of, or including, state governments, state legislatures, or
- 10 state legislators if the attendance and expenditures are approved in
- 11 advance by the Legislative Research Commission;
- 12 12. The cost of attendance or participation provided by the sponsoring
- 13 entity, of lodging, and of food and beverages consumed, at in-state
- 14 events sponsored by or in conjunction with a civic, charitable,
- 15 governmental, trade association, or community organization;
- 16 13. A gift or gifts from one member of the General Assembly to another
- 17 member of the General Assembly;
- 18 14. Anything for which the recipient pays or gives full value; or
- 19 15. Any service spontaneously extended to a legislator in an emergency
- 20 situation;
- 21 (3) "Associated," if used with reference to an organization, includes an organization in
- 22 which an individual or a member of the individual's family is a director, officer,
- 23 fiduciary, trustee, agent, or partner, or owns or controls, in the aggregate, an interest
- 24 of ten thousand dollars (\$10,000) or more, or an interest of five percent (5%) or
- 25 more of the outstanding equity;
- 26 (4) "Business" means any corporation, partnership, sole proprietorship, firm, enterprise,
- 27 franchise, association, organization, self-employed individual, holding company,

- 1 joint stock company, receivership, trust, professional service corporation, or any
2 legal entity through which business is conducted for profit;
- 3 (5) "Business associate" includes the following:
- 4 (a) A private employer;
- 5 (b) A general or limited partnership, or a general or limited partner within the
6 partnership;
- 7 (c) A corporation that is family-owned or in which all shares of stock are closely
8 held, and the shareholders, owners, and officers of such a corporation;
- 9 (d) A corporation in which the legislator or other person subject to this code has
10 an investment interest, owns, or has a beneficial interest in shares of stock
11 which constitute more than:
- 12 1. Five percent (5%) of the value of the corporation; or
13 2. Ten thousand dollars (\$10,000) at fair market value;
- 14 (e) A corporation, business association, or other business entity in which the
15 legislator or other person subject to this code serves as an agent or a
16 compensated representative;
- 17 (6) "Candidate" means an individual who seeks nomination or election to the General
18 Assembly. An individual is a candidate when the individual:
- 19 (a) Files a notification and declaration for nomination for office with the
20 Secretary of State; or
- 21 (b) Is nominated for office by his or her party under KRS 118.105, 118.115,
22 118.325, or 118.760;
- 23 (7) "Charitable organization" means an organization described in 26 U.S.C. Sec. 170(c)
24 as it currently exists or as it may be amended;
- 25 (8) "Child" means the unemancipated minor daughter, son, stepdaughter, or stepson;
- 26 (9) "Commission" means the Kentucky Legislative Ethics Commission;
- 27 (10) (a) "Compensation" means:

- 1 1. An advance, salary, conveyance, forgiveness of indebtedness, deposit,
2 distribution, loan, payment, gift, pledge, or transfer of money; or
3 2. A contract, agreement, promise, or other obligation for an advance,
4 conveyance, forgiveness of indebtedness, deposit, distribution, loan,
5 payment, gift, pledge, or transfer of money for services rendered or to be
6 rendered.
- 7 (b) "Compensation" does not include reimbursement of expenses if:
- 8 1. The reimbursement is equal to, or less than, the amount paid for the
9 expenses;
- 10 2. Expense records are itemized; and
- 11 3. No portion of the reimbursed expense is used to give anything of value
12 to a legislator, candidate, or the spouse of a legislator or candidate;
- 13 (11) "Economic interest" means an interest distinct from that of the general public in a
14 state purchase, sale, lease, contract, option, or other transaction or arrangement
15 involving property or services in which a legislator may gain an economic benefit of
16 fifty dollars (\$50) or more;
- 17 (12) "Employer" means any person who engages a legislative agent and in the case of a
18 business other than a sole proprietorship or self-employed individual, it means the
19 business entity, and not an individual officer, director, or employee thereof, except
20 when an officer, director, or employee makes an expenditure for which he or she is
21 reimbursed by the business entity;
- 22 (13) "Engage" means to make any arrangement, and "engagement" means any
23 arrangement, by which an individual is employed or retained for compensation to
24 act for or on behalf of an employer to lobby;
- 25 (14) "Ethical misconduct" means any violation of the Kentucky Code of Legislative
26 Ethics;
- 27 (15) (a) "Expenditure" means any of the following that is made to, at the request of,

1 for the benefit of, or on behalf of any member of the General Assembly, the
2 Governor, the secretary of a cabinet listed in KRS 12.250, or any member of
3 the staff of any of those officials:

- 4 1. A payment, distribution, loan, advance, deposit, reimbursement, or gift
5 of money, real estate, or anything of value, including, but not limited to,
6 food and beverages, entertainment, lodging, transportation, or honoraria;
- 7 2. A contract, promise, or agreement, to make an expenditure; or
- 8 3. The purchase, sale, or gift of services or any other thing of value.

9 (b) "Expenditure" does not include a contribution, gift, or grant to a foundation or
10 other charitable organization that is exempt from federal income taxation
11 under Section 501(c)(3) of the Internal Revenue Code. "Expenditure" does not
12 include the purchase, sale, or gift of services or any other thing of value that is
13 available to the general public on the same terms as it is available to the
14 persons listed in this subsection;

15 (16) "Family member" means a person:

- 16 (a) Who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-
17 law, daughter-in-law, grandparent, or grandchild of an individual; or
- 18 (b) Who is a member of the individual's household, and is dependent upon the
19 individual;

20 (17) "Filer" means an individual who is required to file a statement of financial interests
21 pursuant to KRS 6.781;

22 (18) (a) "Financial transaction" means a transaction or activity that is conducted or
23 undertaken for profit and arises from the joint ownership, ownership, or part
24 ownership in common of any real or personal property or any commercial or
25 business enterprise of whatever form or nature between the following:

- 26 1. A legislative agent, his or her employer, or a member of the immediate
27 family of the legislative agent or his or her employer; and

1 2. Any member of the General Assembly, the Governor, the secretary of a
2 cabinet listed in KRS 12.250, or any member of the staff of any of the
3 officials listed in this subparagraph.

4 (b) "Financial transaction" does not include any transaction or activity:

5 1. Described in paragraph (a) of this subsection if it is available to the
6 general public on the same or similar terms and conditions; or

7 2. Made or let after public notice and competitive bidding or contracts that
8 are available on similar terms to other members of the general public.

9 (19) "Former legislator" means a person who previously held a position as a legislator
10 and who no longer holds that position;

11 (20) "Immediate family" means an unemancipated child residing in an individual's
12 household, a spouse of an individual, or a person claimed by the individual as a
13 dependent for tax purposes;

14 (21) "In-state" means within the borders of Kentucky or outside Kentucky in a county
15 that is contiguous with the border of Kentucky;

16 (22) "Legislation" means bills, resolutions, amendments, nominations, administrative
17 regulations, and any other matter pending before the General Assembly or any of its
18 interim or statutory committees, or the executive approval or veto of any bill acted
19 upon by the General Assembly;

20 (23) (a) "Legislative agent" means any individual who is engaged:

21 1. during at least a portion of his or her time to lobby as one (1) of his or
22 her official responsibilities; or

23 2. In lobbying activities as a legislative liaison of an association, coalition,
24 or public interest entity formed for the purpose of promoting or
25 otherwise influencing legislation.

26 (b) "Legislative agent" does not include:

27 1. Any person who limits his or her lobbying activities to appearing before

- 1 public meetings of legislative committees, subcommittees, or task
2 forces, or public hearings or meetings of public agencies;
- 3 2. A private citizen who receives no compensation for lobbying and who
4 expresses a personal opinion; or
- 5 3. A public servant acting in his or her fiduciary capacity as a
6 representative of his or her agency, college, university, or city, county,
7 urban-county, consolidated local government, unified local government,
8 or charter county government, except persons engaged by a de jure
9 municipal corporation, such as~~[the Kentucky Lottery Corporation or]~~
10 the Kentucky Housing Corporation, institutions of higher education, or
11 local governments, whose primary responsibility during sessions of the
12 General Assembly is to lobby;
- 13 (24) "Legislative interest" means a substantial economic interest, distinct from that of the
14 general public, in one (1) or more legislative matters;
- 15 (25) "Legislative matter" means any bill, resolution, nomination, or other issue or
16 proposal pending before the General Assembly or any interim committee,
17 committee, subcommittee, task force, or commission of the General Assembly;
- 18 (26) "Legislator" means a member or member-elect of the General Assembly;
- 19 (27) (a) "Lobby" means to promote, advocate, or oppose the passage, modification,
20 defeat, or executive approval or veto of any legislation by direct
21 communication with any member of the General Assembly, the Governor, the
22 secretary of any cabinet listed in KRS 12.250, or any member of the staff of
23 any of the officials listed in this paragraph.
- 24 (b) "Lobbying" does not include:
- 25 1. Appearances before public meetings of the committees, subcommittees,
26 task forces, and interim committees of the General Assembly;
- 27 2. News, editorial, and advertising statements published in newspapers,

- 1 journals, or magazines, or broadcast over radio or television;
- 2 3. The gathering and furnishing of information and news by bona fide
- 3 reporters, correspondents, or news bureaus to news media described in
- 4 paragraph (b)2. of this subsection;
- 5 4. Publications primarily designed for, and distributed to, members of bona
- 6 fide associations or charitable or fraternal nonprofit corporations;
- 7 5. Professional services in drafting bills or resolutions, preparing
- 8 arguments on these bills or resolutions, or in advising clients and
- 9 rendering opinions as to the construction and the effect of proposed or
- 10 pending legislation, if the services are not otherwise connected with
- 11 lobbying; or
- 12 6. The action of any person not engaged by an employer who has a direct
- 13 interest in legislation, if the person, acting under Section 1 of the
- 14 Kentucky Constitution, assembles together with other persons for their
- 15 common good, petitions any official listed in this subsection for the
- 16 redress of grievances, or other proper purposes;
- 17 (28) "Person" means an individual, proprietorship, firm, partnership, joint venture, joint
- 18 stock company, syndicate, business, trust, estate, company, corporation, association,
- 19 club, committee, organization, or group of persons acting in concert;
- 20 (29) "Public servant" means an elected or appointed officer or employee of a federal or
- 21 state agency; state institution of higher education; or a city, county, urban-county, or
- 22 charter county government;
- 23 (30) "State agency" means any department, office, commission, board, or authority
- 24 within the executive department, and includes state-supported universities and
- 25 colleges but does not include local boards of education; and
- 26 (31) "Through others" means a scheme, artifice, or mechanism, the sole purpose of
- 27 which is to accomplish by indirect means, using third parties, results which would

1 be unlawful under this code if accomplished directly between a legislator or
2 candidate and another person or entity.

3 ➔Section 93. KRS 40.410 is amended to read as follows:

4 It is the intent of the General Assembly in enacting KRS 40.400 to 40.560 that such funds
5 sufficient for payment of the Vietnam veterans' bonus authorized by KRS 40.420 shall be
6 appropriated by the 1990 Regular Session of the General Assembly, or at such later times
7 as sufficient funds for the payment of the bonus shall become available, exclusively from
8 moneys transferred or collected from the Kentucky lottery revenues pursuant to Section
9 16 of this Act~~[KRS 154A.130]~~.

10 ➔Section 94. KRS 42.726 is amended to read as follows:

11 (1) The Commonwealth Office of Technology shall be the lead organizational entity
12 within the executive branch regarding delivery of information technology services,
13 including application development and delivery, and shall serve as the single
14 information technology authority for the Commonwealth.

15 (2) The roles and duties of the Commonwealth Office of Technology shall include but
16 not be limited to:

17 (a) Providing technical support and services to all executive agencies of state
18 government in the application of information technology;

19 (b) Assuring compatibility and connectivity of Kentucky's information systems;

20 (c) Developing strategies and policies to support and promote the effective
21 applications of information technology within state government as a means of
22 saving money, increasing employee productivity, and improving state services
23 to the public, including electronic public access to information of the
24 Commonwealth;

25 (d) Developing, implementing, and managing strategic information technology
26 directions, standards, and enterprise architecture, including implementing
27 necessary management processes to assure full compliance with those

- 1 directions, standards, and architecture;
- 2 (e) Promoting effective and efficient design and operation of all major
3 information resources management processes for executive branch agencies,
4 including improvements to work processes;
- 5 (f) Developing, implementing, and maintaining the technology infrastructure of
6 the Commonwealth and all related support staff, planning, administration,
7 asset management, and procurement for all executive branch cabinets and
8 agencies except:
- 9 1. Agencies led by a statewide elected official;
 - 10 2. The nine (9) public institutions of postsecondary education;
 - 11 3. The Department of Education's services provided to local school
12 districts;
 - 13 4. The Kentucky Retirement Systems and the Teachers' Retirement
14 System;
 - 15 5. The Kentucky Housing Corporation;
 - 16 6. ~~The Kentucky Lottery Corporation;~~
 - 17 7. ~~—~~The Kentucky Higher Education Student Loan Corporation; and
18 7.18.The Kentucky Higher Education Assistance Authority;
- 19 (g) Facilitating and fostering applied research in emerging technologies that offer
20 the Commonwealth innovative business solutions;
- 21 (h) Reviewing and overseeing large or complex information technology projects
22 and systems for compliance with statewide strategies, policies, and standards,
23 including alignment with the Commonwealth's business goals, investment,
24 and other risk management policies. The executive director is authorized to
25 grant or withhold approval to initiate these projects;
- 26 (i) Integrating information technology resources to provide effective and
27 supportable information technology applications in the Commonwealth;

- 1 (j) Establishing a central statewide geographic information clearinghouse to
2 maintain map inventories, information on current and planned geographic
3 information systems applications, information on grants available for the
4 acquisition or enhancement of geographic information resources, and a
5 directory of geographic information resources available within the state or
6 from the federal government;
- 7 (k) Coordinating multiagency information technology projects, including
8 overseeing the development and maintenance of statewide base maps and
9 geographic information systems;
- 10 (l) Providing access to both consulting and technical assistance, and education
11 and training, on the application and use of information technologies to state
12 and local agencies;
- 13 (m) In cooperation with other agencies, evaluating, participating in pilot studies,
14 and making recommendations on information technology hardware and
15 software;
- 16 (n) Providing staff support and technical assistance to the Geographic Information
17 Advisory Council and the Kentucky Information Technology Advisory
18 Council;
- 19 (o) Overseeing the development of a statewide geographic information plan with
20 input from the Geographic Information Advisory Council;
- 21 (p) Developing for state executive branch agencies a coordinated security
22 framework and model governance structure relating to the privacy and
23 confidentiality of personal information collected and stored by state executive
24 branch agencies, including but not limited to:
- 25 1. Identification of key infrastructure components and how to secure them;
 - 26 2. Establishment of a common benchmark that measures the effectiveness
27 of security, including continuous monitoring and automation of

- 1 defenses;
- 2 3. Implementation of vulnerability scanning and other security
- 3 assessments;
- 4 4. Provision of training, orientation programs, and other communications
- 5 that increase awareness of the importance of security among agency
- 6 employees responsible for personal information; and
- 7 5. Development of and making available a cyber security incident response
- 8 plan and procedure; and
- 9 (q) Preparing proposed legislation and funding proposals for the General
- 10 Assembly that will further solidify coordination and expedite implementation
- 11 of information technology systems.
- 12 (3) The Commonwealth Office of Technology may:
- 13 (a) Provide general consulting services, technical training, and support for generic
- 14 software applications, upon request from a local government, if the executive
- 15 director finds that the requested services can be rendered within the
- 16 established terms of the federally approved cost allocation plan;
- 17 (b) Promulgate administrative regulations in accordance with KRS Chapter 13A
- 18 necessary for the implementation of KRS 42.720 to 42.742, 45.253, 171.420,
- 19 186A.040, 186A.285, and 194A.146;
- 20 (c) Solicit, receive, and consider proposals from any state agency, federal agency,
- 21 local government, university, nonprofit organization, private person, or
- 22 corporation;
- 23 (d) Solicit and accept money by grant, gift, donation, bequest, legislative
- 24 appropriation, or other conveyance to be held, used, and applied in accordance
- 25 with KRS 42.720 to 42.742, 45.253, 171.420, 186A.040, 186A.285, and
- 26 194A.146;
- 27 (e) Make and enter into memoranda of agreement and contracts necessary or

1 incidental to the performance of duties and execution of its powers, including,
2 but not limited to, agreements or contracts with the United States, other state
3 agencies, and any governmental subdivision of the Commonwealth;

4 (f) Accept grants from the United States government and its agencies and
5 instrumentalities, and from any source, other than any person, firm, or
6 corporation, or any director, officer, or agent thereof that manufactures or sells
7 information resources technology equipment, goods, or services. To these
8 ends, the Commonwealth Office of Technology shall have the power to
9 comply with those conditions and execute those agreements that are
10 necessary, convenient, or desirable; and

11 (g) Purchase interest in contractual services, rentals of all types, supplies,
12 materials, equipment, and other services to be used in the research and
13 development of beneficial applications of information resources technologies.

14 Competitive bids may not be required for:

- 15 1. New and emerging technologies as approved by the executive director or
16 her or his designee; or
- 17 2. Related professional, technical, or scientific services, but contracts shall
18 be submitted in accordance with KRS 45A.690 to 45A.725.

19 (4) Nothing in this section shall be construed to alter or diminish the provisions of KRS
20 171.410 to 171.740 or the authority conveyed by these statutes to the Archives and
21 Records Commission and the Department for Libraries and Archives.

22 (5) The Commonwealth Office of Technology shall, on or before October 1 of each
23 year, submit to the Legislative Research Commission a report in accordance with
24 KRS 57.390 detailing:

25 (a) Any security breaches that occurred within organizational units of the
26 executive branch of state government during the prior fiscal year that required
27 notification to the Commonwealth Office of Technology under KRS 61.932;

- 1 (b) Actions taken to resolve the security breach, and to prevent additional security
2 breaches in the future;
- 3 (c) A general description of what actions are taken as a matter of course to protect
4 personal data from security breaches; and
- 5 (d) Any quantifiable financial impact to the agency reporting a security breach.

6 ➔Section 95. KRS 45.750 is amended to read as follows:

- 7 (1) As used in KRS 45.760 to 45.810:
- 8 (a) "Committee" means the Capital Projects and Bond Oversight Committee;
- 9 (b) "Capital construction item" means:
- 10 1. The construction, reconstruction, acquisition, and structural maintenance
11 of buildings;
- 12 2. The installation of utility services, including roads and sewers;
- 13 3. The acquisition or improvement of real property;
- 14 4. The purchase and installation initially or during major renovation of
15 equipment, facilities, and furnishings of a permanent nature for
16 buildings; or
- 17 5. The acquisition of any building to be occupied by any:
- 18 a. Subdivision of state government as defined in KRS 12.010 or
19 enumerated in KRS 12.020;
- 20 b. Municipal corporation which exercises its authority on a statewide
21 basis including, but not limited to, the Kentucky Employees
22 Retirement System, Teachers' Retirement System of the State of
23 Kentucky, Kentucky Higher Education Student Loan Corporation,~~]~~
24 ~~Kentucky Lottery Corporation,~~ Kentucky Housing Corporation, or
25 any entity with a governing body whose membership is
26 substantially similar to the membership of the governing body of a
27 municipal corporation which exercises its authority on a statewide

1 basis; and

2 c. Institution of higher education;

3 (c) "Lease" means any lease, lease-purchase, or lease with an option to purchase
4 of any real property space occupied by:

5 1. Any entity listed in paragraph (b)5. of this subsection;

6 2. The legislative branch; or

7 3. The judicial branch when leased from a private sector landlord;

8 (d) "Equipment" means:

9 1. Any major item of equipment, including aircraft;

10 2. Any movable furnishing, appurtenance, or other equipment, necessary to
11 make a building operable; and

12 3. Equipment purchased or otherwise acquired, or equipment to be
13 purchased or otherwise to be acquired, under a lease or lease-purchase
14 contract or agreement or an arrangement equivalent to a lease or lease-
15 purchase contract or agreement;

16 (e) "Information technology system" means any related computer or
17 telecommunications components that provide a functional system for a
18 specific business purpose and contain one (1) or more of the following:

19 1. Hardware;

20 2. Software, including application software, systems management software,
21 utility software, or communications software;

22 3. Professional services for requirements analysis, system integration,
23 installation, implementation, or data conversion services; or

24 4. Digital data products, including acquisition and quality control;

25 (f) "Capital projects" means, regardless of the source of cash or other
26 consideration:

27 1. Any capital construction item, or any combination of capital

- 1 construction items necessary to make a building or utility installation
2 complete, estimated to cost one million dollars (\$1,000,000) or more in
3 cash or other consideration;
- 4 2. Any lease of real property space with an annual rental cost exceeding
5 two hundred thousand dollars (\$200,000);
- 6 3. The use allowance paid by the judicial branch for a real property space
7 pursuant to KRS 26A.090(2) and 26A.115 when the use allowance for
8 the space exceeds two hundred thousand dollars (\$200,000) on an
9 annual basis;
- 10 4. Any item of equipment estimated to cost two hundred thousand dollars
11 (\$200,000) or more in cash or other consideration;
- 12 5. Any lease of an item of movable equipment if the annual cost of the
13 lease is two hundred thousand dollars (\$200,000) or more or if the total
14 cost of the lease-purchase or lease with an option to purchase is two
15 hundred thousand dollars (\$200,000) or more; and
- 16 6. Any new acquisition, upgrade, or replacement of an information
17 technology system estimated to cost one million dollars (\$1,000,000) or
18 more in cash or other consideration;
- 19 (g) "Emergency repair, maintenance, or replacement project" means the
20 maintenance, repair, or reconstruction of a capital construction project or the
21 maintenance, repair, or replacement of a major item of equipment that is:
- 22 1. Necessitated by injury or damage resulting from a disaster;
- 23 2. Necessary to maintain government operations or to prevent or minimize
24 injury or damage that could reasonably be expected to result from an
25 impending disaster; or
- 26 3. Necessitated by an unforeseen mechanical breakdown, electrical
27 breakdown, or structural defect that must be corrected to make a facility

1 or item of equipment usable;

2 (h) "Disaster" means a fire, flood, tornado, other natural disaster, riot, enemy
3 attack, sabotage, explosion, power failure, energy shortage, transportation
4 emergency, or other man-caused disaster;

5 (i) "Capital construction funds" means any funds used for capital construction,
6 including, but not limited to, appropriated capital construction funds, agency
7 funds, federal funds, private funds, or funds from any source held by an
8 agency for management or investment purposes; and

9 (j) "Entity head" means the Chief Justice of the Supreme Court, the President of
10 the Senate and the Speaker of the House of Representatives, the secretary of
11 the Finance and Administration Cabinet, the president of any university which
12 complies with KRS 164A.585, 164A.595, and 164A.600, the board of trustees
13 of the Kentucky Employees Retirement System, the board of trustees of the
14 Teachers' Retirement System of the State of Kentucky, the board of directors
15 of the Kentucky Higher Education Student Loan Corporation,~~the board of~~
16 ~~directors of the Kentucky Lottery Corporation,~~ or the board of directors of the
17 Kentucky Housing Corporation.

18 (2) Except as provided in subsection (3) of this section, KRS 45.760 to 45.810 shall
19 apply to capital projects and bonds for use by:

20 (a) The state government;

21 (b) One of its departments or agencies, as defined in KRS 12.010 or enumerated
22 in KRS 12.020;

23 (c) A municipal corporation which exercises its authority on a statewide basis,
24 including but not limited to the Kentucky Employees Retirement System,
25 Teachers' Retirement System of the State of Kentucky, Kentucky Higher
26 Education Student Loan Corporation,~~Kentucky Lottery Corporation,~~ and
27 Kentucky Housing Corporation; and

1 (d) Institutions of higher education.

2 (3) KRS 45.760 to 45.810 shall not apply to:

3 (a) Capital projects or bonds used directly in or for the construction or
4 maintenance of roads, including but not limited to bulldozers, graders, earth
5 movers, and real estate purchased for rights-of-way; and

6 (b) Political subdivisions, except for those defined in KRS 12.010, enumerated in
7 KRS 12.020, or created as a municipal corporation which exercises its
8 authority on a statewide basis including, but not limited to, the Kentucky
9 Employees Retirement System, Teachers' Retirement System of the State of
10 Kentucky, Kentucky Higher Education Student Loan Corporation, ~~Kentucky~~
11 ~~Lottery Corporation,~~ Kentucky Housing Corporation, or any entity with a
12 governing body whose membership is substantially similar to the membership
13 of the governing body of a municipal corporation which exercises its authority
14 on a statewide basis. However, the provisions of KRS 45.750 to 45.810 shall
15 not apply to acquisition or maintenance of any building or land which is
16 purchased as a legal investment by any of the state retirement systems, which
17 is not to be occupied by the retirement system, and which is financed solely
18 with those assets of the retirement system used for investment purposes.

19 ➔Section 96. KRS 45A.605 is amended to read as follows:

20 (1) As used in this section:

21 (a) "Information highway" means a communication network for voice, data, and
22 video communications technologies; and

23 (b) "Agencies of the Commonwealth of Kentucky" includes all authorities;
24 boards; commissions; councils; departments; program cabinets; the ~~Kentucky~~
25 ~~Lottery Corporation;~~ vocational schools; the Kentucky School for the Deaf;
26 the Kentucky School for the Blind; upon written request of the Chief Justice,
27 the Court of Justice; upon written request of the co-chairmen of the

1 Legislative Research Commission, the General Assembly and the Legislative
2 Research Commission; and upon written request of presidents, state
3 institutions of higher education.

4 (2) The provisions of any other law notwithstanding, the Finance and Administration
5 Cabinet may enter into one (1) or more contracts, on behalf of agencies of the
6 Commonwealth of Kentucky, with any person, partnership, or corporation that
7 operates an information highway. The information highway shall enable the
8 Commonwealth to benefit from cost-effective telecommunications technologies and
9 shall provide opportunities for the private sector. These opportunities shall include
10 but not be limited to the implementation of transactions and activities associated
11 with the provision of telehealth by licensed health-care providers as provided in
12 KRS Chapters 205, 211, 304.17A, 310, 311, 312, 313, 314, 314A, 315, 319, 319A,
13 320, 327, 334A, and 335.

14 (3) Upon implementation, all agencies of the Commonwealth of Kentucky shall obtain
15 all available communications services under contracts executed pursuant to
16 subsection (2) of this section, except as provided under subsection (4) of this
17 section.

18 (4) The secretary of the Finance and Administration Cabinet may grant exceptions to
19 the mandatory use of the information highway upon good cause shown.

20 (5) Any contract awarded under subsection (2) of this section shall be deemed, for
21 purposes of KRS 45A.050, a state agency price contract to which all political
22 subdivisions and state-licensed nonprofit institutions of higher education may have
23 access and use on the same terms as agencies of the Commonwealth of Kentucky.
24 In addition, nonprofit schools providing elementary or secondary education and
25 nonprofit health care organizations shall be allowed to have access and use the
26 contract on the same terms as agencies of the Commonwealth of Kentucky.
27 "Nonprofit schools" and "nonprofit health care organizations" mean those schools

1 and health care organizations which have been granted tax-exempt status under the
2 United States Internal Revenue Code.

3 (6) Any contract awarded under subsection (2) of this section shall be deemed a state
4 agency price contract to which any entity that has been approved for economic
5 development incentives under programs approved and administered by the
6 Kentucky Economic Development Finance Authority may have access and use on
7 the same terms as agencies of the Commonwealth of Kentucky.

8 (7) Any contract awarded under subsection (2) of this section shall be deemed a state
9 agency price contract to which nonprofit organizations whose exclusive purpose is
10 the delivery of services related to education, economic development, or cultural arts
11 and humanities, may have access and use on the same terms as agencies of the
12 Commonwealth of Kentucky. For the purposes of this section, "nonprofit
13 organizations" means those organizations which have been granted tax-exempt
14 status under Section 501(c)(3) of the United States Internal Revenue Code or those
15 existing education based entities whose purpose is the delivery of services to state
16 school systems, their employees, or their governing organizations and which have
17 been granted tax-exempt status under Section 501(c)(6) of the United States Internal
18 Revenue Code.

19 ➔Section 97. KRS 164.774 is amended to read as follows:

20 The~~[Kentucky]~~ lottery department, as defined in Section 1 of this Act~~[Corporation]~~ and
21 the authority shall develop a system to allow the~~[Kentucky]~~ lottery
22 department~~[Corporation]~~ to receive on a periodic basis a list of persons declared in
23 default of repayment obligations under financial assistance programs in KRS Chapters
24 164 and 164A. The~~[Kentucky]~~ lottery department~~[Corporation]~~ shall withhold from a
25 person's prize winnings the amount of the defaulted loan and shall transfer the amount to
26 the authority to credit the account of the person in default. Any amount remaining after
27 the deduction of the loan amount shall be paid to the person.

1 ➔Section 98. KRS 205.178 is amended to read as follows:

- 2 (1) At a regularly scheduled interval, each enrollment or benefit tracking agency
3 associated with the Medicaid program or the food stamps program of the cabinet
4 shall receive and review information from the ~~the Kentucky~~ lottery **department, as**
5 **defined in Section 1 of this Act,** ~~[Corporation]~~ concerning individuals enrolled as
6 recipients in the Medicaid program or the food stamps program that indicates a
7 change in circumstances that may affect eligibility, including but not limited to
8 changes in income or resources.
- 9 (2) On at least a monthly basis, each enrollment or benefit tracking agency associated
10 with the Medicaid program or the food stamps program of the cabinet shall receive
11 and review information from the Vital Statistics Branch concerning individuals
12 enrolled in the Medicaid program or the food stamps program that indicates a
13 change in circumstances that may affect eligibility.
- 14 (3) On at least a quarterly basis, each enrollment or benefit tracking agency associated
15 with the Medicaid program or the food stamps program of the cabinet shall receive
16 and review information from the Kentucky Division of Unemployment Insurance
17 concerning individuals enrolled in the Medicaid program or the food stamps
18 program that indicates a change in circumstances that may affect eligibility,
19 including but not limited to changes in employment or wages.
- 20 (4) On at least a quarterly basis, each enrollment or benefit tracking agency associated
21 with the Medicaid program or the food stamps program of the cabinet shall receive
22 and review information concerning individuals enrolled in the Medicaid program or
23 the food stamps program that indicates a change in circumstances that may affect
24 eligibility, including but not limited to potential changes in residency as identified
25 by out-of-state electronic benefit transfer transactions.
- 26 (5) (a) Notwithstanding any other provision of law to the contrary, each enrollment or
27 benefit tracking agency associated with the Medicaid program or the food

1 stamps program of the cabinet shall enter into a memorandum of
2 understanding with any department, agency, or division for information
3 detailed in this section.

4 (b) Notwithstanding any other provision of law to the contrary, any department,
5 agency, or division for information detailed in this section, including but not
6 limited to the ~~the Kentucky~~ lottery department~~[Corporation]~~, the Vital Statistics
7 Branch, the Division of Unemployment Insurance, and the Department for
8 Community Based Services, shall enter into any necessary memoranda of
9 understanding with the enrollment or benefit tracking agency associated with
10 the Medicaid program or the food stamps program requesting an agreement
11 pursuant to paragraph (a) of this subsection.

12 (6) Each enrollment or benefit tracking agency associated with the Medicaid program
13 or the food stamps program of the cabinet may contract with one (1) or more
14 independent vendors to provide additional data or information which may indicate a
15 change in circumstances that may affect eligibility.

16 (7) Each enrollment or benefit tracking agency associated with the Medicaid program
17 or the food stamps program of the cabinet shall explore joining any multistate
18 cooperative to identify individuals who are also enrolled in public assistance
19 programs outside of this state.

20 (8) If an enrollment or benefit tracking agency associated with the Medicaid program or
21 the food stamps program of the cabinet receives information concerning an
22 individual enrolled in the Medicaid program or the food stamps program that
23 indicates a change in circumstances that may affect eligibility, the enrollment or
24 benefit tracking agency or other appropriate agency shall review the individual's
25 case.

26 (9) The food stamps program of the cabinet shall not seek, apply for, accept, or renew
27 any waiver of requirements established under 7 U.S.C. sec. 2015(o) unless there is

1 an economic downturn resulting in an unemployment rate of ten percent (10%) or
2 more or the Cabinet for Health and Family Services determines an increase in the
3 unemployment rate in any particular county is severe enough to necessitate a
4 waiver.

5 (10) The cabinet shall promulgate all rules and regulations necessary for the purposes of
6 carrying out this section.

7 (11) On or before December 1 of each year, the Cabinet for Health and Family Services
8 shall submit a report relating to the number of individuals discovered utilizing
9 services inappropriately, the number of individuals who were removed from one (1)
10 or more public assistance programs as a result of a review pursuant to this section,
11 and the amount of public funds preserved in total and by public assistance program
12 and aggregated by prior years. This report shall be forwarded to the Interim Joint
13 Committees on Health and Welfare and Family Services and Appropriations and
14 Revenue of the Legislative Research Commission.

15 ➔Section 99. KRS 405.463 is amended to read as follows:

16 The ~~Kentucky~~ lottery **department, as defined in Section 1 of this Act,**~~Corporation~~ and
17 the Cabinet for Health and Family Services shall develop a system to allow the ~~Kentucky~~
18 lottery **department**~~Corporation~~ to receive a list of delinquent child support
19 obligors from the Cabinet for Health and Family Services on a monthly basis. The ~~Kentucky~~
20 lottery **department**~~Corporation~~ shall withhold delinquent amounts from
21 prizes of winners that appear on the list. This system shall be timely and shall not create
22 an unavoidable delay in the payment of a lottery prize.

23 ➔Section 100. KRS 15.380 is amended to read as follows:

24 (1) The following officers employed or appointed as full-time, part-time, or auxiliary
25 officers, whether paid or unpaid, shall be certified:

26 (a) Department of Kentucky State Police officers, but for the commissioner of the
27 Department of Kentucky State Police;

- 1 (b) City, county, and urban-county police officers;
- 2 (c) Court security officers and deputy sheriffs, except those identified in KRS
3 70.045 and 70.263(3);
- 4 (d) State or public university police officers appointed pursuant to KRS 164.950;
- 5 (e) School security officers employed by local boards of education who are
6 special law enforcement officers appointed under KRS 61.902;
- 7 (f) Airport safety and security officers appointed under KRS 183.880;
- 8 (g) Department of Alcoholic Beverage Control investigators appointed under
9 KRS 241.090;
- 10 (h) Division of Insurance Fraud Investigation investigators appointed under KRS
11 304.47-040;
- 12 (i) Fire investigators appointed or employed under KRS 95A.100 or 227.220; and
- 13 (j) County detectives appointed in a county containing a consolidated local
14 government with the power of arrest in the county and the right to execute
15 process statewide in accordance with KRS 69.360.
- 16 (2) The requirements of KRS 15.380 to 15.404 for certification may apply to all state
17 peace officers employed pursuant to KRS Chapter 18A and shall, if adopted, be
18 incorporated by the Personnel Cabinet for job specifications.
- 19 (3) Additional training in excess of the standards set forth in KRS 15.380 to 15.404 for
20 all peace officers possessing arrest powers who have specialized law enforcement
21 responsibilities shall be the responsibility of the employing agency.
- 22 (4) The following officers may, upon request of the employing agency, be certified by
23 the council:
- 24 (a) Deputy coroners;
- 25 (b) Deputy constables;
- 26 (c) Deputy jailers;
- 27 (d) Deputy sheriffs under KRS 70.045 and 70.263(3);

- 1 (e) Officers appointed under KRS 61.360;
- 2 (f) Officers appointed under KRS 61.902, except those who are school security
3 officers employed by local boards of education;
- 4 (g) Private security officers;
- 5 (h) Employees of a correctional services division created pursuant to KRS
6 67A.028 and employees of a metropolitan correctional services department
7 created pursuant to KRS 67B.010 to 67B.080; and
- 8 (i) Investigators employed by the Department of Charitable Gaming in
9 accordance with KRS 238.510; and
- 10 (j) Commonwealth detectives employed under KRS 69.110 and county detectives
11 employed under KRS 69.360.
- 12 (5) The following officers shall be exempted from the certification requirements but
13 may upon their request be certified by the council:
- 14 (a) Sheriffs;
- 15 (b) Coroners;
- 16 (c) Constables;
- 17 (d) Jailers;
- 18 (e) ~~[Kentucky Horse]~~Racing department~~[Commission]~~ security officers
19 employed under KRS 230.240; and
- 20 (f) Commissioner of the State Police.
- 21 (6) Federal peace officers cannot be certified under KRS 15.380 to 15.404.
- 22 ➔Section 101. KRS 18A.115 is amended to read as follows:
- 23 (1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise
24 all positions in the state service now existing or hereafter established, except the
25 following:
- 26 (a) The General Assembly and employees of the General Assembly, including the
27 employees of the Legislative Research Commission;

- 1 (b) Officers elected by popular vote and persons appointed to fill vacancies in
2 elective offices;
- 3 (c) Members of boards and commissions;
- 4 (d) Officers and employees on the staff of the Governor, the Lieutenant Governor,
5 the Office of the Secretary of the Governor's Cabinet, and the Office of
6 Program Administration;
- 7 (e) Cabinet secretaries, commissioners, office heads, and the administrative heads
8 of all boards and commissions, including the executive director of Kentucky
9 Educational Television and the executive director and deputy executive
10 director of the Education Professional Standards Board;
- 11 (f) Employees of Kentucky Educational Television who have been determined to
12 be exempt from classified service by the Kentucky Authority for Educational
13 Television, which shall have sole authority over such exempt employees for
14 employment, dismissal, and setting of compensation, up to the maximum
15 established for the executive director and his principal assistants;
- 16 (g) One (1) principal assistant or deputy for each person exempted under
17 subsection (1)(e) of this section;
- 18 (h) One (1) additional principal assistant or deputy as may be necessary for
19 making and carrying out policy for each person exempted under subsection
20 (1)(e) of this section in those instances in which the nature of the functions,
21 size, or complexity of the unit involved are such that the secretary approves
22 such an addition on petition of the relevant cabinet secretary or department
23 head and such other principal assistants, deputies, or other major assistants as
24 may be necessary for making and carrying out policy for each person
25 exempted under subsection (1)(e) of this section in those instances in which
26 the nature of the functions, size, or complexity of the unit involved are such
27 that the board may approve such an addition or additions on petition of the

1 department head approved by the secretary. Effective August 1, 2010:

2 1. All positions approved under this paragraph prior to August 1, 2010,
3 shall be abolished effective December 31, 2010, unless reapproved
4 under subparagraph 2. of this paragraph; and

5 2. A position approved under this paragraph on or after August 1, 2010,
6 shall be approved for a period of five (5) years, after which time the
7 position shall be abolished unless reapproved under this subparagraph
8 for an additional five (5) year period;

9 (i) Division directors subject to the provisions of KRS 18A.170. Division
10 directors in the classified service as of January 1, 1980, shall remain in the
11 classified service;

12 (j) Physicians employed as such;

13 (k) One (1) private secretary for each person exempted under subsection (1)(e),
14 (g), and (h) of this section;

15 (l) The judicial department, referees, receivers, jurors, and notaries public;

16 (m) Officers and members of the staffs of state universities and colleges and
17 student employees of such institutions; officers and employees of the
18 Teachers' Retirement System; and officers, teachers, and employees of local
19 boards of education;

20 (n) Patients or inmates employed in state institutions;

21 (o) Persons employed in a professional or scientific capacity to make or conduct a
22 temporary or special inquiry, investigation, or examination on behalf of the
23 General Assembly, or a committee thereof, or by authority of the Governor,
24 and persons employed by state agencies for a specified, limited period to
25 provide professional, technical, scientific, or artistic services under the
26 provisions of KRS 45A.690 to 45A.725;

27 (p) Interim employees;

- 1 (q) Officers and members of the state militia;
- 2 (r) Department of Kentucky State Police troopers;
- 3 (s) University or college engineering students or other students employed part-
- 4 time or part-year by the state through special personnel recruitment programs;
- 5 provided that while so employed such aides shall be under contract to work
- 6 full-time for the state after graduation for a period of time approved by the
- 7 commissioner or shall be participants in a cooperative education program
- 8 approved by the commissioner;
- 9 (t) Superintendents of state mental institutions, including heads of centers for
- 10 individuals with an intellectual disability, and penal and correctional
- 11 institutions as referred to in KRS 196.180(2);
- 12 (u) Staff members of the Kentucky Historical Society, if they are hired in
- 13 accordance with KRS 171.311;
- 14 (v) County and Commonwealth's attorneys and their respective appointees;
- 15 (w) Chief district engineers and the state highway engineer;
- 16 (x) Veterinarians employed as such by the ~~Kentucky Horse~~ Racing
- 17 Department~~Commission~~;
- 18 (y) Employees of the Kentucky Peace Corps;
- 19 (z) Employees of the Council on Postsecondary Education;
- 20 (aa) Executive director of the Commonwealth Office of Technology;
- 21 (ab) Employees of Serve Kentucky;
- 22 (ac) Persons employed in certified teaching positions at the Kentucky School for
- 23 the Blind and the Kentucky School for the Deaf; and
- 24 (ad) Federally funded time-limited employees as defined in KRS 18A.005.
- 25 (2) Nothing in KRS 18A.005 to 18A.200 is intended, or shall be construed, to alter or
- 26 amend the provisions of KRS 150.022 and 150.061.
- 27 (3) Nothing in KRS 18A.005 to 18A.200 is intended or shall be construed to affect any

1 nonmanagement, nonpolicy-making position which must be included in the
2 classified service as a prerequisite to the grant of federal funds to a state agency.

3 (4) Career employees within the classified service promoted to positions exempted
4 from classified service shall, upon termination of their employment in the exempted
5 service, revert to a position in that class in the agency from which they were
6 terminated if a vacancy in that class exists. If no such vacancy exists, they shall be
7 considered for employment in any vacant position for which they were qualified
8 pursuant to KRS 18A.130 and 18A.135.

9 (5) Nothing in KRS 18A.005 to 18A.200 shall be construed as precluding appointing
10 officers from filling unclassified positions in the manner in which positions in the
11 classified service are filled except as otherwise provided in KRS 18A.005 to
12 18A.200.

13 (6) The positions of employees who are transferred, effective July 1, 1998, from the
14 Cabinet for Workforce Development to the Kentucky Community and Technical
15 College System shall be abolished and the employees' names removed from the
16 roster of state employees. Employees that are transferred, effective July 1, 1998, to
17 the Kentucky Community and Technical College System under KRS Chapter 164
18 shall have the same benefits and rights as they had under KRS Chapter 18A and
19 have under KRS 164.5805; however, they shall have no guaranteed reemployment
20 rights in the KRS Chapter 151B or KRS Chapter 18A personnel systems. An
21 employee who seeks reemployment in a state position under KRS Chapter 151B or
22 KRS Chapter 18A shall have years of service in the Kentucky Community and
23 Technical College System counted towards years of experience for calculating
24 benefits and compensation.

25 (7) On August 15, 2000, all certified and equivalent personnel, all unclassified
26 personnel, and all certified and equivalent and unclassified vacant positions in the
27 Department for Adult Education and Literacy shall be transferred from the

1 personnel system under KRS Chapter 151B to the personnel system under KRS
2 Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel
3 system. All records shall be transferred including accumulated annual leave, sick
4 leave, compensatory time, and service credit for each affected employee. The
5 personnel officers who administer the personnel systems under KRS Chapter 151B
6 and KRS Chapter 18A shall exercise the necessary administrative procedures to
7 effect the change in personnel authority. No certified or equivalent employee in the
8 Department for Adult Education and Literacy shall suffer any penalty in the
9 transfer.

10 (8) On August 15, 2000, secretaries and assistants attached to policymaking positions
11 in the Department for Technical Education and the Department for Adult Education
12 and Literacy shall be transferred from the personnel system under KRS Chapter
13 151B to the personnel system under KRS Chapter 18A. The positions shall be
14 deleted from the KRS Chapter 151B system. All records shall be transferred
15 including accumulated annual leave, sick leave, compensatory time, and service
16 credit for each affected employee. No employee shall suffer any penalty in the
17 transfer.

18 (9) On May 1, 2017, all contract employees of Eastern Kentucky University who are
19 engaged in providing instructional and support services to the Department of
20 Criminal Justice Training shall be transferred to the personnel system under KRS
21 Chapter 18A. All records shall be transferred, including accumulated annual leave,
22 sick leave, compensatory time, and service credit for each affected employee. The
23 personnel officers who administer the personnel systems for Eastern Kentucky
24 University and under KRS Chapter 18A shall exercise the necessary administrative
25 procedures to effect the change in personnel authority. No employee shall suffer any
26 penalty in the transfer.

27 ➔Section 102. KRS 137.170 is amended to read as follows:

1 (1) Every person engaged in the business of conducting a race meeting at which live
2 horse races are run for stakes, purses, or prizes, under the jurisdiction of the
3 ~~Kentucky Horse~~ Racing Department~~Commission~~, shall pay a tentative license tax
4 to the state, as provided in subsection (2) of this section.

5 (2) Any race track for any year commencing December 1 and ending the following
6 November 30 for the days upon which races are actually conducted for any stake,
7 purse, or prize, shall pay a license tax based on the average daily mutuel handle for
8 the preceding year as follows:

9	Average Daily Mutuel Handle	License Tax
10	\$0 - \$25,000	\$ 0
11	\$25,000 - \$250,000	\$ 175
12	\$250,001 - \$450,000	\$ 500
13	\$450,001 - \$700,000	\$1,000
14	\$700,001 - \$800,000	\$1,500
15	\$800,001 - \$900,000	\$2,000
16	\$900,001 and above	\$2,500

17 (3) As used in subsection (2) of this section the term "daily mutuel handle" shall mean
18 the total gross amount of money bet or wagered by a race track's patrons by means
19 of pari-mutuel, combination, or French pools on live races conducted by the track.

20 ➔Section 103. KRS 243.262 is amended to read as follows:

21 Any person in wet territory licensed by the ~~Kentucky~~ Racing Department~~Commission~~
22 under KRS 230.300 may be issued a license by the department and may hold a special
23 temporary license as provided in KRS 243.260. When issued, the license shall be valid
24 and effective only upon premises licensed by the racing commission and upon the dates
25 and hours for which racing or intertrack wagering has been authorized by the racing
26 commission. A temporary license may be issued for the period the racing or intertrack
27 wagering has been authorized, even if the period exceeds thirty (30) days as provided in

1 KRS 243.260.

2 ➔Section 104. KRS 257.196 is amended to read as follows:

- 3 (1) The commission shall make recommendations to the board to establish, maintain, or
4 revise standards governing the care and well-being of on-farm livestock and poultry.
5 The board shall approve or reject recommendations within ninety (90) days of
6 receiving recommendations. If approved, the board shall promulgate administrative
7 regulations establishing the standards within thirty (30) days of approval. If rejected,
8 the board shall notify the commission in writing within thirty (30) days of the
9 rejection, and shall list the reasons for the rejection. The board shall not establish,
10 maintain, or revise on-farm livestock and poultry care standards without a
11 recommendation by the commission.
- 12 (2) Before recommending on-farm livestock and poultry care standards to the board, the
13 commission may consult with agricultural representatives from Kentucky State
14 University, Western Kentucky University, Eastern Kentucky University, Morehead
15 State University, and Murray State University.
- 16 (3) When developing recommendations for on-farm livestock and poultry care
17 standards to the board, the commission shall consider factors that include but are
18 not limited to:
- 19 (a) Animal well-being and agricultural best management practices;
 - 20 (b) Herd health; and
 - 21 (c) Safe, affordable, healthy food supplies for consumers.
- 22 (4) Nothing in this section shall be construed to abrogate the regulatory authority of:
- 23 (a) The ~~[- Kentucky Horse]~~ Racing Department~~[Commission]~~ to inspect,
24 investigate, and supervise horses and other participants in horse racing as
25 provided by KRS Chapter 230 and the administrative regulations promulgated
26 under KRS Chapter 230, or any other law applicable to the regulation of horse
27 racing in the Commonwealth;

- 1 (b) The Kentucky Board of Veterinary Examiners to license and certify
2 veterinarians as provided by KRS Chapter 321 and the administrative
3 regulations promulgated under KRS Chapter 321, or any other law applicable
4 to the regulation of veterinarians in the Commonwealth; or
- 5 (c) The Board of Agriculture to prevent, control, or eradicate any communicable
6 disease of on-farm livestock or poultry as provided by this chapter and the
7 administrative regulations promulgated under this chapter, or any other law
8 applicable to the prevention, control, or eradication of communicable diseases
9 of on-farm livestock or poultry.
- 10 (5) (a) A city, town, county, urban-county, charter county, consolidated local
11 government, unified local government, or other political subdivision of the
12 Commonwealth shall not adopt any ordinance, resolution, rule, or regulation
13 regarding on-farm livestock or poultry care that is more stringent than the
14 administrative regulations promulgated by the board under subsection (1) of
15 this section. Local legislation in violation of this subsection is void and
16 unenforceable.
- 17 (b) Nothing in this subsection shall be construed to preempt any local ordinance
18 or regulation affecting planning and zoning adopted in accordance with KRS
19 Chapter 100.
- 20 (c) The provisions of paragraph (a) of this subsection shall not affect ordinances,
21 resolutions, rules, or regulations adopted before July 15, 2010.
- 22 ➔Section 105. KRS 257.472 is amended to read as follows:
- 23 (1) The Kentucky Equine Health and Welfare Council is hereby established and shall
24 be attached to the Kentucky Department of Agriculture for administrative purposes
25 only. The council shall:
- 26 (a) Assist, advise, and consult with the commission created by KRS 257.192 on
27 equine health and welfare issues;

- 1 (b) Act to maintain the health, welfare, and safety of equines in the
2 Commonwealth; and
- 3 (c) Carry out the duties assigned to the council in KRS 257.474.
- 4 (2) The council shall be composed of thirteen (13) voting members and two (2)
5 nonvoting ex officio members as follows:
- 6 (a) The Commissioner of Agriculture or his or her designee;
- 7 (b) The state veterinarian or his or her designee;
- 8 (c) One (1) representative of the University of Kentucky College of Agriculture
9 Equine Initiative to be designated by the dean of the University of Kentucky
10 College of Agriculture;
- 11 (d) One (1) representative of the University of Louisville Equine Industry
12 Program to be designated by the dean of the College of Business;
- 13 (e) One (1) representative of equine education programs chosen by Morehead
14 State University, Murray State University, or Western Kentucky University on
15 a rotating basis at the pleasure of the university to serve a one (1) year term;
- 16 (f) The executive director of the University of Kentucky Livestock Disease
17 Diagnostic Center, or his or her designee, or the executive director of the
18 Murray State University Breathitt Veterinary Center, or his or her designee,
19 who shall serve one (1) year terms on a rotating basis;
- 20 (g) One (1) representative of the Kentucky Farm Bureau Federation with an
21 interest in equine issues;
- 22 (h) One (1) veterinarian representing the Kentucky Equine Health and Welfare
23 Alliance Inc.;
- 24 (i) One (1) member representing the Kentucky Veterinary Medical Association;
- 25 (j) One (1) member to be appointed by the Governor from a list of three (3)
26 nominees submitted by the Kentucky Horse Council;
- 27 (k) One (1) member representing organized horse rescue entities to be selected by

- 1 the Governor from a listing of those who apply for membership on the
2 council;
- 3 (l) Two (2) members at large who live in diverse regions of the state to be
4 appointed by the Governor. Each member at large shall primarily represent
5 one (1) of the following:
- 6 1. Equine breeders and owners; and
7 2. Agricultural interests;
- 8 (m) The chair of the Senate Standing Committee on Agriculture, who shall serve
9 as a nonvoting ex officio member; and
- 10 (n) The chair of the House Standing Committee on Agriculture and Small
11 Business, who shall serve as a nonvoting ex officio member.
- 12 (3) Initial terms of members serving under subsection (2)(c), (d), and (g) to (l) of this
13 section shall be staggered by the Governor. Thereafter, terms shall be for four (4)
14 years or until their successors are duly appointed and qualified. Vacancies on the
15 council shall be filled for the remainder of the unexpired term in the same manner
16 as the original appointment.
- 17 (4) Consideration shall be given to racial and gender equity in the appointment of
18 council members.
- 19 (5) The council shall elect one (1) of its members to serve as chair for a term of two (2)
20 years.
- 21 (6) The council shall meet quarterly or upon the call of the chair. The first meeting of
22 the council shall occur at the beginning of the quarter following appointments to the
23 council.
- 24 (7) A quorum of the council shall consist of seven (7) voting members. A majority of
25 the voting members present may act upon matters before the council.
- 26 (8) Members of the council shall serve without compensation.
- 27 (9) Nothing in KRS 257.472 to 257.476 shall be construed to infringe upon the

1 regulatory authority of:

- 2 (a) The ~~Kentucky Horse~~ Racing Department~~Commission~~, as defined in
3 Section 1 of this Act, to inspect, investigate, and supervise horses and other
4 participants in horse racing and breeders incentive funds as provided by KRS
5 Chapter 230, administrative regulations promulgated under KRS Chapter 230,
6 or any other law applicable to the regulation of horse racing in the
7 Commonwealth;
- 8 (b) The Kentucky Board of Veterinary Examiners to license and certify
9 veterinarians as provided by KRS Chapter 321, administrative regulations
10 promulgated under KRS Chapter 321, or any other law applicable to the
11 regulation of veterinarians in the Commonwealth; or
- 12 (c) The Kentucky Livestock Care Standards Commission to make
13 recommendations to the Board of Agriculture to establish, maintain, or revise
14 standards governing the care and well-being of on-farm livestock and poultry,
15 or any other authority of the commission authorized under this chapter.

16 ➔Section 106. KRS 321.185 is amended to read as follows:

- 17 (1) In order for a veterinarian to practice veterinary medicine, a relationship among the
18 veterinarian, the client, and the patient shall be established and maintained.
19 "Veterinarian-client-patient relationship" means that:
- 20 (a) The veterinarian has assumed the responsibility for making judgments
21 regarding the health of the animal and the need for veterinary treatment, and
22 the client, whether owner or other caretaker, has agreed to follow the
23 instructions of the veterinarian;
- 24 (b) There is sufficient knowledge of the animal by the veterinarian to initiate at
25 least a general or preliminary diagnosis of the medical condition of the animal.
26 This means that the veterinarian has recently seen and is personally acquainted
27 with the keeping and care of the animal by virtue of an examination of the

1 animal or by medically appropriate and timely visits to the premises where the
2 animal is kept; and

3 (c) The practicing veterinarian is readily available or shall provide medical
4 service for follow-up in case of adverse reactions or failure of the regimen of
5 therapy. A new regimen of therapy shall be contingent only upon cooperation
6 of the client and availability of the subject animal.

7 (2) The veterinarian shall maintain records which document patient visits, diagnosis,
8 treatment, and other relevant information.

9 (3) (a) A veterinarian shall not violate the confidential relationship between the
10 veterinarian and the veterinarian's client.

11 (b) A veterinarian shall not release information concerning a client or care of a
12 client's animal, except on the veterinarian's receipt of:

- 13 1. A written authorization or other form of waiver executed by the client;
- 14 or
- 15 2. An appropriate court order or subpoena.

16 (c) A veterinarian who releases information under paragraph (b) of this
17 subsection shall not be liable to any person, including the client, for an action
18 resulting from the disclosure.

19 (d) The privilege provided by this subsection is waived by the client or the owner
20 of an animal treated by the veterinarian to the extent the client or owner places
21 at issue in a civil or criminal proceeding:

- 22 1. The nature and extent of the animal's injuries; or
- 23 2. The care and treatment of the animal provided by the veterinarian.

24 (e) This subsection shall not apply to:

- 25 1. An inspection or investigation conducted by the board or an agent of the
26 board; or
- 27 2. The veterinary reporting requirements and regulatory authority of the

1 ~~Kentucky Horse~~ Racing Department~~[Commission]~~, as defined in
2 Section 1 of htis Act, to inspect, investigate, and supervise horses and
3 other participants in horse racing as provided by KRS Chapter 230 and
4 the administrative regulations promulgated under KRS Chapter 230, or
5 any other law applicable to the regulation of horse racing in the
6 Commonwealth.

7 (4) Veterinarians providing copies of records under this section may charge no more
8 than the actual cost of copying, including reasonable staff time.

9 ➔Section 107. KRS 528.010 is amended to read as follows:

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

11 (1) "Advancing gambling activity" -- A person "advances gambling activity" when,
12 acting other than as a player, he engages in conduct that materially aids any form of
13 gambling activity. The conduct shall include, but is not limited to, conduct directed
14 toward the establishment of the particular game, contest, scheme, device, or activity
15 involved; toward the acquisition or maintenance of premises, paraphernalia,
16 equipment, or apparatus therefor; toward the solicitation or inducement of persons
17 to participate therein; toward the actual conduct of the playing phases thereof;
18 toward the arrangement of any of its financial or recording phases or toward any
19 other phase of its operation. A person who gambles at a social game of chance on
20 equal terms with other participants does not otherwise advance gambling activity by
21 performing acts, without remuneration or fee, directed toward the arrangement or
22 facilitation of the game as inviting persons to play, permitting the use of premises
23 therefor and supplying equipment used therein;

24 (2) "Bookmaking" means advancing gambling activity by unlawfully accepting bets
25 upon the outcome of future contingent events from members of the public as a
26 business;

27 (3) "Charitable gaming" means games of chance conducted by charitable organizations

1 licensed and regulated under the provisions of KRS Chapter 238;

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

9 (b) Gambling shall not mean charitable gaming which is licensed and regulated
10 under the provisions of KRS Chapter 238;

11 (5) "Gambling device" means:

12 (a) Any so-called slot machine or any other machine or mechanical device an
13 essential part of which is a drum or reel with insignia thereon, and which
14 when operated may deliver, as a result of the application of an element of
15 chance, any money or property, or by the operation of which a person may
16 become entitled to receive, as the result of the application of an element of
17 chance, any money or property;

18 (b) Any mechanical or electronic device permanently located in a business
19 establishment, including a private club, that is offered or made available to a
20 person to play or participate in a simulated gambling program in return for
21 direct or indirect consideration, including but not limited to consideration paid
22 for Internet access or computer time, or a sweepstakes entry, which when
23 operated may deliver as a result of the application of an element of chance,
24 any money or property, or by the operation of which a person may become
25 entitled to receive, as the result of the application of an element of chance, any
26 money or property; or

27 (c) Any other machine or any mechanical or other device, including but not

1 limited to roulette wheels, gambling tables and similar devices, designed and
2 manufactured primarily for use in connection with gambling and which when
3 operated may deliver, as the result of the application of an element of chance,
4 any money or property, or by the operation of which a person may become
5 entitled to receive, as the result of the application of an element of chance, any
6 money or property;

7 (d) But, the following shall not be considered gambling devices within this
8 definition:

- 9 1. Devices dispensing or selling combination or French pools on licensed,
10 regular racetracks during races on said tracks;
- 11 2. Devices dispensing or selling combination or French pools on historical
12 races at licensed, regular racetracks as lawfully authorized by the
13 ~~Kentucky Horse~~ Racing Department under KRS Chapter
14 230~~[Commission]~~;
- 15 3. Electro-mechanical pinball machines specially designed, constructed, set
16 up, and kept to be played for amusement only. Any pinball machine
17 shall be made to receive and react only to the deposit of coins during the
18 course of a game. The ultimate and only award given directly or
19 indirectly to any player for the attainment of a winning score or
20 combination on any pinball machine shall be the right to play one (1) or
21 more additional games immediately on the same device at no further
22 cost. The maximum number of free games that can be won, registered,
23 or accumulated at one (1) time in operation of any pinball machine shall
24 not exceed thirty (30) free games. Any pinball machine shall be made to
25 discharge accumulated free games only by reactivating the playing
26 mechanism once for each game released. Any pinball machine shall be
27 made and kept with no meter or system to preserve a record of free

1 games played, awarded, or discharged. Nonetheless, a pinball machine
2 shall be a gambling device if a person gives or promises to give money,
3 tokens, merchandise, premiums, or property of any kind for scores,
4 combinations, or free games obtained in playing the pinball machine in
5 which the person has an interest as owner, operator, keeper, or
6 otherwise; or

7 4. Devices used in the conduct of charitable gaming;

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

9 (a) A gambling scheme in which:

10 1. The players pay or agree to pay something of value for chances,
11 represented and differentiated by numbers or by combinations of
12 numbers or by some other media, one (1) or more of which are to be
13 designated the winning ones; and

14 2. The ultimate winner is to be determined by a drawing or by some other
15 method based upon the element of chance; and

16 3. The holders of the winning chances are to receive something of value;
17 and

18 (b) A gift enterprise or referral sales plan which meets the elements of a lottery
19 listed in paragraph (a) of this subsection is to be considered a lottery under
20 this chapter;

21 (7) "Mutuel" or "the numbers games" means a form of lottery in which the winning
22 chances or plays are not determined upon the basis of a drawing or other act on the
23 part of persons conducting or connected with the scheme, but upon the basis of the
24 outcome or outcomes of a future contingent event or events otherwise unrelated to
25 the particular scheme;

26 (8) "Player" means a person who engages in any form of gambling solely as a
27 contestant or bettor, without receiving or becoming entitled to receive any profit

1 therefrom other than personal gambling winnings, and without otherwise rendering
2 any material assistance to the establishment, conduct, or operation of the particular
3 gambling activity. A person who engages in "bookmaking" as defined in subsection
4 (2) of this section is not a "player." The status of a "player" shall be a defense to any
5 prosecution under this chapter;

6 (9) "Profiting from gambling activity" -- A person "profits from gambling activity"
7 when, other than as a player, he accepts or receives or agrees to accept or receive
8 money or other property pursuant to an agreement or understanding with any person
9 whereby he participates or is to participate in the proceeds of gambling activity;

10 (10) "Simulated gambling program" means any method intended to be used by a person
11 playing, participating, or interacting with an electronic device that may, through the
12 application of an element of chance, either deliver money or property or an
13 entitlement to receive money or property; and

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

19 ➔Section 108. KRS 528.110 is amended to read as follows:

20 (1) Any person who, either for himself or as agent or employee of another, wagers
21 money or anything of value on a horse race run or about to be run or advertised,
22 posted or reported as being run at any race track in or out of this state, or who
23 engages in the occupation of receiving, making, transmitting or negotiating, either
24 in person or by messenger, telephone or telegraph, wagers on horse races run or
25 about to be run or advertised, posted or reported as being run or about to be run at
26 any race track in or out of the state, shall, except in the case of wagers made within
27 the enclosure of a race track licensed by the ~~Kentucky Horse~~ Racing

1 Department~~[Commission]~~ during an authorized race meeting at that track, or an
2 enclosure during regular meetings in which running, trotting or pacing races are
3 being conducted by associations regularly organized for that purpose, be guilty of a
4 Class A misdemeanor.

5 (2) In any prosecution under subsection (1) of this section, the state need not prove that
6 the horse race upon which the wager was placed was actually run. Proof that the
7 wager was made upon what purported to be or what was advertised, reported or
8 understood to be a horse race shall be sufficient to establish a prima facie case for
9 the state.

10 ➔Section 109. The following KRS sections are repealed:

11 154A.010 Definitions for chapter.

12 154A.020 State lottery created -- Administration by corporation -- Management -- Intent
13 of General Assembly -- Senate confirmation required for corporation existence.

14 154A.030 Board of directors -- Senate confirmation -- Qualifications -- Terms --
15 Removal -- Chairman -- Standards of conduct -- Compensation -- Meetings --
16 Quorum -- Records -- Appointment and confirmation of corporation president --
17 Duties -- Removal -- Open board meetings.

18 154A.040 Records of corporation deemed open -- Exceptions -- Circuit Court
19 jurisdiction of records.

20 154A.050 Duties of board.

21 154A.060 Conduct and administration of lottery games -- Powers and duties of
22 corporation -- Authorized contracts -- Withholding lottery prize money for child
23 support arrearages and default on higher education loans.

24 154A.063 Prohibited lottery games.

25 154A.065 Contests involving horses may be basis for a lottery.

26 154A.070 Powers and duties of corporation's president.

27 154A.080 Personnel program for employees -- Conflict of interest provisions --

- 1 Background investigations -- Employment of specified persons by corporation
2 prohibited.
- 3 154A.090 Appeals -- Circuit Court alternatives.
- 4 154A.100 Bond, letters of credit or other surety.
- 5 154A.110 Prizes taxable -- Withholdings from prize -- Verification rules and prize
6 payments, exceptions -- Unclaimed prize money -- Corporation's liability --
7 Ineligibility to purchase tickets and receive prizes -- Conditions for assignment of
8 prize.
- 9 154A.120 Procurement procedures -- Administrative regulations for procurement --
10 Bidding and negotiation processes.
- 11 154A.130 Deposit of moneys -- Expenditures and investments authorized -- Allocation
12 of funds -- Transfer of revenues to general fund -- Lottery trust account -- Credit
13 from general fund to literacy fund and higher education scholarships -- Postaudit of
14 corporation's books and records -- Functions of Auditor of Public Accounts --
15 Annual newspaper publication of information.
- 16 154A.140 Acceptance and expenditure of moneys by corporation -- Corporation to be
17 self sustaining and self funded.
- 18 154A.150 Ticket distribution.
- 19 154A.160 Prohibitions.
- 20 154A.400 Statewide network of lottery retailers -- Criteria for selection -- Uniform fees -
21 - Suspension, revocation or termination of contract -- Purchase or lease of on-line
22 equipment -- Contracts not transferable or assignable -- Certificates -- General
23 Assembly members not prohibited from being retailers -- Payment of prize -- Sales
24 tax exemption.
- 25 154A.410 Content of contracts -- Powers of president in regard to contracts.
- 26 154A.420 Proceeds from ticket sales to constitute trust fund -- Administrative regulation
27 governing retailers' deposit of lottery proceeds -- Liability of lottery retailers --

- 1 Priority of debt to corporation -- Lien to secure retailer's obligation to remit
2 proceeds.
- 3 154A.430 Computation of retailer's rental payments.
- 4 154A.440 Ticket price -- Gift -- Sale -- Tickets given as means of business promotion --
5 Location of sale.
- 6 154A.450 Lottery vending machines located within sight of retailer's employee --
7 Exceptions.
- 8 154A.600 Purchase, lease, or lease-purchase of goods or services -- Investigation of
9 prospective contractees -- Disclosure requirements -- Prohibited contracts,
10 exceptions -- Vendor's performance bond, letter of credit or deposit of security --
11 Liquidated damages -- Laws governing contracts.
- 12 154A.650 Criminal background investigations -- Duties of corporation or its security
13 division.
- 14 154A.990 Penalties.
- 15 230.225 Kentucky Horse Racing Commission -- Membership -- Terms -- Compensation
16 -- Office -- Meetings -- Administrative regulations.
- 17 ➔Section 110. Sections 8 to 109 of this Act take effect February 3, 2021.