

1 PUBLIC PROTECTION CABINET

2 Kentucky Horse Racing Commission

3 (New Administrative Regulation)

4 810 KAR 5:040. Farm, corporate, or stable name.

5 RELATES TO: KRS 230.215, 230.310

6 STATUTORY AUTHORITY: KRS 230.215(2), 230.260(3)

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215(2) and 230.260(3) authorize the
8 commission to promulgate administrative regulations prescribing the conditions under which
9 horse racing shall be conducted in Kentucky. This administrative regulation establishes
10 requirements for the licensing of racing stables under the stable name and disclosure of
11 ownership.

12 Section 1. (1) Registration Required. A racing, farm, corporate, or stable name may be used
13 by an owner or lessee if registered with:

14 (a) The U.S. Trotting Association; and

15 (b) The commission.

16 (2) A person shall provide his or her name to the commission if he or she has:

17 (a) An interest in the stable; or

18 (b) Intends to utilize its name.

1 (3) A person listed in a registered stable racing a horse shall have a license issued by the
2 Kentucky Horse Racing Commission. An owner and any person listed in a registered stable shall
3 be liable for entry fees and penalties imposed upon the registered stable.

4 Section 2. Suspension. If one (1) of the owners or persons listed in a registered stable is
5 suspended, all of the horses in that stable shall be included in the suspension.

6 Section 3. Corporate and Limited Partnership Ownership. (1)(a) If a horse is owned by a
7 corporation, the corporation and any officer, director, or stockholder owning five (5) percent or
8 more of the stock shall be licensed by the United States Trotting Association and the commission.

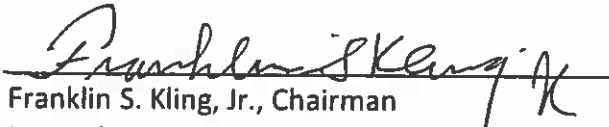
9 (b) A stockholder owning less than five (5) percent of the stock shall be reported monthly
10 by the corporation to the commission, but shall not be required to be licensed by the commission.
11 The information to be reported shall include names and amount of stock owned, address, Social
12 Security number, and date of birth.

13 (2)(a) If a horse is owned by a limited partnership, the general partner and all limited
14 partners owning an interest of five (5) percent or more shall be licensed by the United States
15 Trotting Association and the commission.

16 (b) A limited partner owning less than a five (5) percent interest shall be reported monthly
17 to the commission and the required information shall include names and interests owned,
18 address, Social Security number, and date of birth. A limited partner owning less than a five (5)
19 percent interest shall not be required to be licensed by the commission.

810 KAR 5:040

READ AND APPROVED:


Franklin S. Kling, Jr., Chairman
Kentucky Horse Racing Commission

11/12/18
Date


K. Gail Russell, Acting Secretary
Public Protection Cabinet

11/13/18
Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on December 28, 2018 at 10:00 a.m., at the office of the Kentucky Horse Racing Commission, 4063 Iron Works Parkway, Building B, Lexington, Kentucky 40511. Individuals interested in being heard at this hearing shall notify the Kentucky Horse Racing Commission in writing by no later than five (5) working days prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 p.m., December 31, 2018. Please send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person below.

CONTACT PERSON: John L. Forgy
General Counsel
Kentucky Horse Racing Commission
4063 Iron Works Parkway, Building B
Lexington, KY 40511
Phone: (859) 246-2040
Facsimile: (859) 246-2039
Email: John.Forgy@ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation No.: 810 KAR 5:040
Contact Person: John L. Forgy, General Counsel, Kentucky Horse Racing Commission;
Telephone: (859) 246-2040; Email: John.Forgy@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the rules under which racing, farm, corporate, or stable names may be used in conjunction with the ownership of horses. The regulation sets forth certain disclosure requirements concerning the identity of the individuals with ownership shares in horses.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to ensure transparency concerning the identity of individuals owning horses through business entities.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 230.215(2) and 230.260(8) authorize the Commission to promulgate administrative regulations prescribing the conditions under which racing shall be conducted in Kentucky. This rule prescribes conditions under which horses become eligible to race in particular standardbred races.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation fulfills the Commission's statutory mandate to prescribe the conditions under which horse racing is conducted in the Commonwealth by establishing a comprehensive set of rules governing the use of business entities in horse ownership. Disclosure requirements are imposed to ensure the transparency in the interest of the integrity of racing.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This is a new administrative regulation.

(b) The necessity of the amendment to this regulation: This is a new administrative regulation.

(c) How the amendment conforms to the content of the authorizing statute: This is a new administrative regulation.

(d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Kentucky's two licensed standardbred race tracks, and all individual participants in horse racing, are potentially affected by this administrative regulation's establishment of fundamental rules pertaining to the conduct of racing. In the year 2017, the Commission licensed over 22,000 individuals to participate in horse racing. This number is consistent from year to year.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Participants in horse racing, and especially owners and trainers, will be required to adhere to the requirements and rules set forth in this administrative regulation pertaining to the use of farm, corporate and stable names in standardbred racing.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): No significant costs are associated with complying with this administrative regulation.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3)? Participants in racing will benefit from clearly defined rules that enhance the integrity of racing.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There is no initial administrative cost to implement this administrative regulation.

(b) On a continuing basis: There is no continuing cost to implement this administrative regulation.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: No significant funding will be necessary to implement and enforce this administrative regulation. Any minimal costs will be funded from the budget of the Commission.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No additional fees or funding are necessary to implement this administrative regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any new fees or increase any current fees to participate.

(9) TIERING: Is tiering applied? (Explain why tiering was or was not used.) Tiering was not applied because this amended regulation will apply to all similarly situated entities in an equal manner.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No.: 810 KAR 5:040

Contact Person: John L. Forgy, General Counsel, Kentucky Horse Racing Commission;
Telephone: (859) 246-2040; Email: John.Forgy@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Kentucky Horse Racing Commission will be impacted by this administrative regulation.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 230.215, 230.225, 230.240, 230.260, 230.290, 230.310, 230.320, 230.370.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This administrative regulation will not generate revenue for state or local government for the first year.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation will not generate revenue for state or local government for subsequent years.

(c) How much will it cost to administer this program for the first year? No funds will be required to administer this regulation for the first year.

(d) How much will it cost to administer this program for subsequent years? No funds will be required to administer this regulation for subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): Neutral

Expenditures (+/-): Neutral

Other Explanation: None