

1 PUBLIC PROTECTION CABINET

2 Kentucky Horse Racing Commission

3 (Amendment)

4 811 KAR 2:190. Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development  
5 Fund.

6 RELATES TO: KRS 138.510, 230.215, 230.225, 230.443, 230.445

7 STATUTORY AUTHORITY: KRS 230.215, 230.260, 230.445

8 NECESSITY, FUNCTION AND CONFORMITY: KRS 230.215 and 230.260 authorize the  
9 commission to promulgate administrative regulations prescribing the conditions under which  
10 horse racing shall be conducted in Kentucky. KRS 230.445 establishes the Kentucky Quarter  
11 Horse, Paint Horse, Appaloosa, and Arabian development fund and requires the commission to  
12 promulgate administrative regulations to carry out the purpose of the statute and to administer  
13 the development fund in a manner to promote and aid in the development of the horse  
14 industry in Kentucky; upgrade the quality of racing in Kentucky; and to improve the quality of  
15 horses bred in Kentucky. This administrative regulation establishes eligibility standards,  
16 administrative practices to enforce the standards, and the administration of purses and  
17 payments in these races.

18 Section 1. Definitions.

19 (1) "Broodmare" means a mare that conceives and carries her genetic foal to term.

1       (2) "Donor mare" means the mare from which an embryo is harvested for the purpose of  
2 performing an embryo transfer.

3       (3) "Fund" means the Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian  
4 Development Fund established by KRS 230.445.

5       (4) "Historical horse race handle" means monies wagered at a licensed Kentucky  
6 association on historical horse races as defined in 811 KAR 2:010, Section 1(37).

7       (4) "Inter-state wagering" means monies wagered at a Kentucky racing association on  
8 Quarter Horse, Paint Horse, Appaloosa, or Arabian races conducted outside of Kentucky.

9       (5) "Intra-state wagering" means monies wagered at a Kentucky racing association on  
10 Quarter Horse, Paint Horse, Appaloosa, or Arabian races conducted at another Kentucky  
11 association.

12       (6) "Kentucky bred" means, for purposes of this administrative regulation, a horse that  
13 meets the requirements of this administrative regulation and is:

14       (a) A Quarter Horse registered with the American Quarter Horse Association, or its  
15 successor;

16       (b) An Appaloosa registered with the Appaloosa Horse Club, or its successor;

17       (c) An Arabian registered with the Arabian Horse Association Registry, or its successor; or

18       (d) A Paint Horse registered with the American Paint Horse Association, or its successor.

19       (7) "Live racing handle" means the monies wagered by individuals present on association  
20 grounds on Quarter Horse, Paint Horse, Appaloosa, or Arabian races physically conducted on  
21 that association's grounds.

22       (8) "Mare" means a broodmare, donor mare, or recipient mare.

1 (9) "Nonlive racing handle" means the monies wagered at an association located in  
2 Kentucky on Quarter Horse, Paint Horse, Appaloosa, or Arabian races not physically conducted  
3 on that association's grounds.

4 (10) "Recipient mare" means a mare of any breed implanted with an embryo from a  
5 donor mare as defined by this administrative regulation, and who carries the non-genetic foal  
6 to term. A recipient mare shall be implanted with an electronic horse identification microchip  
7 that accurately identifies the horse and is compliant with international standards ISO 11784.

8 Section 2. Advisory Committee. (1) The fund advisory committee shall consist of five (5)  
9 members, all of whom shall be Kentucky residents, to be appointed by the chairman of the  
10 commission by July 1 of each year. The committee shall consist of the following:

11 (a) One (1) member of the commission;

12 (b) One (1) officer or director of a licensed racing association in Kentucky conducting  
13 Quarter Horse, Paint Horse, Appaloosa, or Arabian racing;

14 (c) One (1) owner of a horse nominated to the fund;

15 (d) One (1) owner of a mare registered with the fund; and

16 (e) One (1) member of the Kentucky Quarter Horse Racing Association recommended by  
17 that organization's board of directors.

18 Section 3. Mare Eligibility. (1) In order for a foal to be eligible to earn money from the  
19 fund, the broodmare or both the donor and recipient mares, shall be registered with the fund  
20 on or before February 15 of the year of conception. Late registration may be made on or  
21 before June 15 of the year of conception as provided by subsection (3) of this section.

1       (2) In order to be eligible to be registered with the fund, a mare, whether a broodmare,  
2 donor mare, or recipient mare, shall reside in Kentucky continuously from conception or  
3 embryo transfer implantation until foaling unless one (1) of the following exceptions is met:

4       (a) Medical procedure.

5       1. A medical procedure is required to be performed to protect the health of the mare or  
6 the unborn foal that involves an extraordinary medical situation and the owner of the mare  
7 desires to have an expert located outside of Kentucky conduct the procedure;

8       2. The owner of the mare files with the commission a "Kentucky Quarter Horse, Paint  
9 Horse, Appaloosa, and Arabian Development Fund Application to Move Mare Outside of  
10 Kentucky" no later than fourteen (14) days after the mare leaves Kentucky and provides  
11 information related to the procedure as requested by the commission;

12       3. The executive director of the commission approves the departure of the mare from  
13 Kentucky;

14       4. The mare remains under the care of a veterinarian during the entire period of time she  
15 is not residing in Kentucky, other than the time during which she is traveling to and from  
16 Kentucky;

17       5. The mare returns to Kentucky following the medical procedure for which her departure  
18 was authorized; and

19       6. The mare is in Kentucky for foaling and documentation establishing that fact to the  
20 satisfaction of the commission is provided; or

21       (b) Racing.

1 1. The owner of the mare desires to race the mare in a sanctioned pari-mutuel race held  
2 outside of Kentucky.

3 2. The owner of the mare files with the commission a "Kentucky Quarter Horse, Paint  
4 Horse, Appaloosa, and Arabian Development Fund Application to Move Mare Outside of  
5 Kentucky" at least fourteen (14) days before the mare leaves Kentucky and provides  
6 information relating to the race outside of Kentucky as requested by the commission;

7 3. The executive director of the commission approves the departure of the mare from  
8 Kentucky; and

9 4. The mare returns to Kentucky within ten (10) days after the running of the approved  
10 race; and

11 5. The mare is in Kentucky for foaling and documentation establishing that fact to the  
12 satisfaction of the commission is provided.

13 (c) Auction.

14 1. The owner of the mare desires to enter her for sale at a catalogued auction for her  
15 breed held outside of Kentucky;

16 2. The owner of the mare files with the commission a "Kentucky Quarter Horse, Paint  
17 Horse, Appaloosa, and Arabian Development Fund Application to Move Mare Outside of  
18 Kentucky" at least fourteen (14) days before the mare leaves Kentucky and provides  
19 information relating to the auction as requested by the commission;

20 3. The executive director of the commission approves the departure of the mare from  
21 Kentucky; and

22 4. The mare returns to Kentucky no later than thirty (30) days after the auction; and

1 5. The mare is in Kentucky for foaling and documentation establishing that fact to the  
2 satisfaction of the commission is provided.

3 (d) The owner of a mare approved to leave the state under this subsection is required to  
4 provide the commission with written notification of the mare's return within forty-eight (48)  
5 hours of her return.

6 (3) A mare shall be registered with the fund by:

7 (a) Completing and filing with the commission a "Kentucky Quarter Horse, Paint Horse,  
8 Appaloosa, and Arabian Development Fund Mare Registration Form";

9 (b) Providing the commission with a photocopy of the mare's official breed registration  
10 papers from the American Quarter Horse Association, American Paint Horse Association,  
11 Appaloosa Horse Club, the Arabian Horse Association Registry, or The Jockey Club or their  
12 respective successors, or documentation regarding a recipient mare's electronic horse  
13 identification microchip; and

14 (c) Paying the registration fee as follows:

15 1. A twenty-five (25) dollar fee for registrations postmarked no later than February 15 of  
16 the year of conception; or

17 2. A \$200 late fee for registrations postmarked no later than June 15 of the year of  
18 conception.

19 3. Registration postmarked after June 15 of the year of conception shall not be accepted.

20 Section 4. Nomination. (1) Except as set forth in subsection (4) of this section, in order for  
21 a horse to be eligible to earn money from the fund, it shall be a Kentucky bred as defined in this

1 administrative regulation and it shall be nominated to the fund on or before December 31 of its  
2 yearling year by:

3 (a) Completing and filing with the commission a "Kentucky Quarter Horse, Paint Horse,  
4 Appaloosa, and Arabian Development Fund Nomination Form";

5 (b) Providing the commission with a photocopy of the horse's official breed registration  
6 papers from the American Quarter Horse Association, American Paint Horse Association,  
7 Appaloosa Horse Club, or the Arabian Horse Association Registry, or their respective successors;  
8 and

9 (c) Paying the nomination fee as follows:

10 1. A twenty-five (25) dollar fee for nominations postmarked no later than December 31 of  
11 the weanling year; or

12 2. A \$100 late fee for nominations postmarked no later than December 15 of the yearling  
13 year.

14 3. Except as provided in subsection (4) of this section, nominations postmarked after  
15 December 15 of the yearling year shall not be accepted.

16 (2) In order for a foal that is the product of an embryo transfer to be eligible to earn  
17 monies from the fund, the donor mare and the recipient mare shall be registered as provided in  
18 Section 3 of this administrative regulation and shall meet the other requirements of this  
19 administrative regulation.

20 (3) If a registered donor mare produces more than one (1) foal in one (1) breeding season,  
21 two (2) genetic foals may be nominated to the fund as determined by the owner of the donor  
22 mare.

1       (4) A horse born in 2016 or before shall be eligible to be nominated to the fund and to  
2 participate in races offering monies from the fund. A horse shall be nominated by:

3       (a) Completing and filing with the commission a “Kentucky Quarter Horse, Paint Horse,  
4 Appaloosa, and Arabian Development Fund Nomination Form”;

5       (b) Paying a nomination fee of \$300; and

6       (c) Including the following with the nomination form:

7       1. A photocopy of the official breed registration papers from the American Quarter Horse  
8 Association, American Paint Horse Association, Appaloosa Horse Club, or the Arabian Horse  
9 Association Registry, or their respective successors;

10       2. Registration papers showing ownership and demonstrating that the horse was foaled in  
11 Kentucky;

12       3. An official breed registry shipped semen report or a stallion breeders certificate  
13 demonstrating that the horse was conceived in Kentucky; and

14       4. A signed affidavit from the owner of the mare at the time of her pregnancy stating that  
15 the mare resided in Kentucky during the entirety of her pregnancy.

16       (5) Nothing in this section shall prevent a registered mare from being eligible to race for  
17 monies from the fund.

18       Section 5. Monies Earned. (1) One live association.

19       (a) Live racing handle. An association conducting live racing shall earn monies to be  
20 deposited in the fund account for that association in the amount of one percent (1%) of the  
21 total live racing handle pursuant to KRS 138.510(1).

1 (b) Nonlive racing handle. An association conducting live racing shall earn monies to be  
2 deposited in the fund account for that association in the amount of two percent (2%) of the  
3 total non-live racing handle pursuant to KRS 138.510(2).

4 (2) More than one (1) live association. Unless there is a commission approved agreement  
5 among the associations conducting live racing to the contrary, if two (2) or more associations  
6 are conducting live Quarter Horse, Paint Horse, Appaloosa, or Arabian races on the same day,  
7 the monies earned from the handle for that day shall be divided as follows:

8 (a) Live racing handle. An association conducting Quarter Horse, Paint Horse, Appaloosa,  
9 or Arabian races shall earn monies to be deposited in the fund account for that association in  
10 the amount of one percent (1%) of that association's live racing handle pursuant to KRS  
11 138.510(1).

12 (b) The intra-state wagering monies shall be allocated to that association on which the  
13 wagering is placed for purposes of calculating that association's fund earnings.

14 (c) Inter-state wagering monies originating from an association conducting live Quarter  
15 Horse, Paint Horse, Appaloosa, or Arabian races shall be allocated to that association for  
16 purposes of calculating that association's fund earnings.

17 (d) Inter-state wagering monies from all other Kentucky associations shall be divided  
18 evenly among the associations conducting live races.

19 (3) Historical horse race handle. An association offering wagering on historical horse races  
20 shall earn monies to be deposited in the fund account for that association as provided in KRS  
21 138.510(1).

1        Section 6. Distribution of Funds. (1) Each association shall submit a request to the advisory  
2 committee, including the proposed races eligible to receive monies from the fund and the  
3 proposed purse structure for those races at least forty-five (45) days prior to the opening day of  
4 the live racing meet.

5        (2) Unless there is a commission approved proposal to the contrary, the proposed purse  
6 structure shall not exceed the total dollars generated by that breed to the association's fund  
7 account.

8        (3) The advisory committee shall review the proposed eligible races and purse structure  
9 and make a recommendation whether to approve the proposed races and purse structure to  
10 the commission based upon the best interests of Kentucky racing.

11        (4) Two (2) or more associations conducting Quarter Horse, Paint Horse, Appaloosa, or  
12 Arabian racing may request permission from the advisory committee to combine their  
13 respective fund monies to supplement purses at one of the associations. The advisory  
14 committee shall recommend to the commission whether to approve the request.

15        Section 7. Reconciliation. (1) Each association shall file with the commission a copy of the  
16 pari-mutuel tax form filed with the Department of Revenue, along with a copy of the check  
17 submitted for each report. These reports shall be filed weekly.

18        (2) Each association shall report to the commission the actual purse distribution no later  
19 than fifteen (15) calendar days after the last day of a live race meeting.

20        (3) The commission shall on a monthly basis reconcile the weekly reports submitted by  
21 the association with the Department of Revenue's reports and deposits.

1 (4) If at the close of a live race meet, an association has a balance of monies earned for  
2 that meet which has not been distributed in actual fund purse distribution, then the association  
3 may choose one of the following options to distribute the remaining balance, subject to the  
4 recommendation of the advisory committee and the approval of the commission:

5 (a) Use fund monies previously earned to supplement purses at future live racing meets  
6 held by that association; or

7 (b) Use fund monies previously earned to supplement purses already distributed at the  
8 last live racing meet held by the association to the recipients of the original purse allocations.

9 (5) If at the close of a live race meet, an association offering wagering on historical horse  
10 races has a balance of fund monies earned from historical horse race wagers, which has not  
11 been distributed in actual fund purse distribution, then the association may choose one (1) of  
12 the following options to distribute a portion of the balance, subject to the recommendation of  
13 the advisory committee and the approval of the commission:

14 (a) Use the historical horse race fund monies previously earned to supplement purses at  
15 future live racing meets held by that association;

16 (b) Use historical horse race fund monies previously earned to supplement purses already  
17 distributed at the last live racing meet held by the association to the recipients of the original  
18 purse allocations; or

19 (c) Use historical horse race fund monies previously earned to supplement purses at  
20 another licensed Kentucky racetrack.

1 (6) Reasonable and customary administrative charges for time spent reconciling the  
2 account may be charged to each association by the commission based on the percentage of  
3 funds generated by each association for the previous calendar year.

4 (7) Each association shall sign an agreement stating that it accepts and agrees with the  
5 reconciliation prior to reimbursement of any funds.

6 Section 8. Consent to Investigate. The filing of a registration form shall authorize the  
7 advisory committee and commission to investigate and verify information provided by the  
8 Applicant, including conducting site visits to verify the residency of a registered mare.

9 Section 9. Penalties. (1) An applicant who provides incorrect, false, or misleading  
10 information concerning the registration of a mare or the nomination of a foal or horse, or who  
11 violates this administrative regulation in any other manner shall be subject to the following  
12 penalties:

13 (a) A fine of not more than \$5,000;

14 (b) Denial or revocation of the registration of the mare or the nomination of the foal or  
15 horse with the fund; or

16 (c) A bar from registering mares to the fund or from being eligible to receive monies from  
17 the fund for a period of one (1) to five (5) years, based on the seriousness of the violation.

18 (2) In addition to the penalties provided in subsection (1), a second or subsequent  
19 violation of this administrative regulation may result in a lifetime bar of the applicant from  
20 being eligible to register mares with the fund or to receive monies from the fund.

21 (3) In addition to the penalties provided in subsection (1), the commission may deny or  
22 revoke the registration of a mare or nomination of a foal or horse or the purse money earned

1 by the foal or horse if the applicant is charged or convicted of a crime, offense, or other criminal  
2 or civil violation involving cruelty, mistreatment, abuse, or neglect of any horse. A person  
3 charged, but not convicted of any crime, offense, or other criminal or civil violation as provided  
4 in this subsection may petition the commission for reinstatement. The commission shall  
5 reinstate the registration or purse upon submission of proof satisfactory to the commission that  
6 the charges were dismissed and the facts forming the basis of the charges were false.

7 (4) The advisory committee may recommend, and the commission may impose, one or  
8 more of the penalties provided in Subsection (1).

9 (5) Any penalty imposed under this section shall be subject to appeal and adjudication in  
10 accordance with 811 KAR 2:105 and KRS Chapter 13B.

11 Section 10. Incorporation by Reference. (1) The following material is incorporated by  
12 reference:

13 (a) "Kentucky Quarter Horse, Paint Horse, Appaloosa, Arabian Development Fund Mare  
14 Registration Form," KHRC 190-1, 12/15;

15 (b) "Kentucky Quarter Horse, Paint Horse, Appaloosa, Arabian Development Fund  
16 Nomination Form," KHRC 190-2, 12/15; and

17 (c) "Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund  
18 Application to Move Mare Outside of Kentucky KHRC 190-3 12/15.

19 (2) This material may be inspected, copied, or obtained, subject to applicable copyright  
20 law, at the Kentucky Horse Racing Commission, 4063 Iron Works Parkway, Building B,  
21 Lexington, Kentucky 40511, Monday through Friday, 8:00 a.m. to 4:30 p.m. This material is also

1 ~~available on the commission's Web site at <http://khrc.ky.gov>. ["Donor mare" means the mare~~  
2 ~~from which an embryo is harvested for the purpose of performing an embryo transfer.~~

3 ~~—— (2) "Kentucky bred" means a horse that meets the other requirements of this~~  
4 ~~administrative regulation and is:~~

5 ~~—— (a) A quarter horse or appaloosa, whose sire is a quarter horse, appaloosa, or~~  
6 ~~thoroughbred currently registered with the KQHAADF;~~

7 ~~—— (b) A quarter horse or appaloosa whose dam is a quarter horse, appaloosa, or~~  
8 ~~thoroughbred currently registered with the KQHAADF; or~~

9 ~~—— (c) An Arabian whose sire and dam are Arabians currently registered with the KQHAADF.~~

10 ~~—— (3) "Kentucky Quarter Horse, Appaloosa, and Arabian Development Fund" or "KQHAADF"~~  
11 ~~means the trust and revolving fund established by KRS 230.445.~~

12 ~~—— (4) "Kentucky Quarter Horse Racing Association Stallion Auction" means the auction of~~  
13 ~~stallion seasons offered by the Kentucky Quarter Horse Racing Association.~~

14 ~~—— Section 2. Advisory Committee. (1) The proposed distribution of money for KQHAADF~~  
15 ~~funded races shall be reviewed and addressed annually, not later than December 31 of each~~  
16 ~~calendar year, by an advisory committee consisting of at least one (1) representative of each of~~  
17 ~~the following:~~

18 ~~—— (a) The racing commission;~~

19 ~~—— (b) The licensed racing associations in Kentucky that host quarter horse, appaloosa, or~~  
20 ~~Arabian racing;~~

21 ~~—— (c) The owner of a stallion registered with the KQHAADF, that resides in Kentucky;~~

22 ~~—— (d) The owner of a mare registered with the KQHAADF, that resides in Kentucky; and~~

1 ~~— (e) One member of the Kentucky Quarter Horse Racing Association that resides in~~  
2 ~~Kentucky, selected by that organization's board of directors.~~

3 ~~— (2) The final determination regarding the distribution of money from the KQHAADF shall~~  
4 ~~be made by the commission.~~

5 ~~— Section 3. Stallion Eligibility. (1) In order for a stallion's progeny to be eligible to earn~~  
6 ~~KQHAADF money, the stallion shall be registered with the KQHAADF on or before December 31~~  
7 ~~of the year prior to the breeding year.~~

8 ~~— (2) In order to be eligible to be registered with the KQHAADF, a stallion shall:~~

9 ~~— (a) Be domiciled in Kentucky continuously from its first cover of the breeding season until~~  
10 ~~its last cover of the breeding season; or~~

11 ~~— (b) Have a breeding season purchased through the Kentucky Quarter Horse Racing~~  
12 ~~Association Stallion Auction.~~

13 ~~— (3) If a KQHAADF registered stallion leaves Kentucky to breed a mare, his registration for~~  
14 ~~that year shall be revoked and his progeny shall not be eligible to register with the KQHAADF.~~

15 ~~— (4) A stallion shall be registered with the KQHAADF by:~~

16 ~~— (a) Completing and filing with the commission a Quarter Horse/Appaloosa/ Arabian~~  
17 ~~Stallion Registration, KHRC 190-1 (5/11); and~~

18 ~~— (b) Paying a registration fee of \$100.~~

19 ~~— Section 4. Broodmare Eligibility. (1) In order for a broodmare's progeny to be eligible to~~  
20 ~~earn KQHAADF money, the broodmare shall be registered with the KQHAADF on or before~~  
21 ~~December 31 of the year prior to the breeding year.~~

1 ~~—— (2) In order to be eligible to be registered with the KQHAADF, a broodmare shall be~~  
2 ~~domiciled in Kentucky continuously from December 31 of the year prior to the breeding year~~  
3 ~~until delivery of her foal.~~

4 ~~—— (3) A broodmare shall be registered with the KQHAADF by:~~

5 ~~—— (a) Completing and filing with the commission a Quarter Horse/Appaloosa/Arabian~~  
6 ~~Broodmare Registration, KHRC 190-2 (2/11); and~~

7 ~~—— (b) Paying a registration fee of twenty five (25) dollars.~~

8 ~~—— (4) Broodmares that have competed in a race during the breeding year and are registered~~  
9 ~~with the Kentucky Quarter Horse Racing Association as racing stock shall be registered as~~  
10 ~~breeding stock prior to being bred. The registration shall be accompanied by a registration fee~~  
11 ~~of twenty five (25) dollars.~~

12 ~~—— Section 5. Racing Stock Nomination. (1) Except as set forth in subsection (3) of this~~  
13 ~~section, in order for racing stock to be eligible to earn KQHAADF money, it shall be nominated~~  
14 ~~to the KQHAADF on or before December 31 of its three (3) year-old year by:~~

15 ~~—— (a) Completing and filing with the commission a Quarter Horse/Appaloosa/Arabian Racing~~  
16 ~~Stock Nomination, KHRC 190-3 (2/11); and~~

17 ~~—— (b) Paying a nomination fee of twenty five (25) dollars if nominating as a weanling, fifty~~  
18 ~~(50) dollars if nominating as a yearling, or \$100 if nominating as a two (2) or three (3) year-old.~~

19 ~~—— (2) Foals that are the product of an embryo transfer may be nominated to the KQHAADF if~~  
20 ~~the recipient mare is domiciled in Kentucky as set forth in Section 4 of this administrative~~  
21 ~~regulation. If a donor mare produces more than one (1) foal in a breeding season, only the first~~  
22 ~~born foal may be nominated to the KQHAADF.~~

1  ~~(3) Until December 31, 2012, racing stock of any age shall be eligible to be nominated to~~  
2  ~~the KQHAADF and to participate in races, a part of the purse for which is provided by money~~  
3  ~~from the KQHAADF. A horse shall be nominated by:~~

4  ~~(a) Completing and filing with the commission a Quarter Horse/Appaloosa/Arabian Racing~~  
5  ~~Stock Nomination, KHRC 190-3 (2/11);~~

6  ~~(b) Paying a nomination fee of fifty (50) dollars; and~~

7  ~~(c) Including the following with the nomination:~~

8  ~~1. DNA parentage verification;~~

9  ~~2. Registration papers showing ownership and demonstrating that the horse was foaled in~~  
10  ~~Kentucky;~~

11  ~~3. An American Quarter Horse Association shipped semen report or a stallion breeders~~  
12  ~~certificate demonstrating that the horse was bred in Kentucky; and~~

13  ~~4. Mare pregnancy verification and care records from a licensed veterinarian showing that~~  
14  ~~the dam was domiciled in Kentucky during the entirety of her pregnancy.~~

15  ~~Section 6. Kentucky Quarter Horse Racing Association Stallion Auction. (1) A stallion not~~  
16  ~~domiciled in Kentucky continuously from its first cover of the breeding season until its last cover~~  
17  ~~of the breeding season shall become eligible to be registered with the KQHAADF if its~~  
18  ~~ownership donates one (1) breeding season to the Kentucky Quarter Horse Racing Association~~  
19  ~~Stallion Auction and that breeding season is sold at the auction. The eligibility shall pertain only~~  
20  ~~to the year in which the breeding season is donated.~~

21  ~~(2) A breeding season shall bring no less than fifty (50) percent of its advertised value in~~  
22  ~~order to sell at the stallion auction.~~

1 ~~— (3) Any foal that is the result of breeding an eligible mare with a stallion that had a~~  
2 ~~breeding season purchased through the Kentucky Quarter Horse Racing Association Stallion~~  
3 ~~Auction Program shall be eligible to be nominated to the KQHAADF, if all other criteria~~  
4 ~~described in this administrative regulation are satisfied.~~

5 ~~— Section 7. Compliance. (1) The commission shall be the official registrar for the KQHAADF.~~

6 ~~— (2) Questions as to eligibility, registration, nomination, or breeding of a Kentucky bred~~  
7 ~~horse shall be decided exclusively by the commission.~~

8 ~~— (3) The commission may demand and inspect the records pertaining to any horse~~  
9 ~~registered with or nominated to the KQHAADF and may conduct on-site visits to verify the~~  
10 ~~domicile of the horse.~~

11 ~~— (4) Any person who knowingly fails to disclose or knowingly falsifies any information~~  
12 ~~required in the registration process for the KQHAADF may be disqualified and excluded from~~  
13 ~~participation in the fund.~~

14 ~~— Section 8. Distribution of Funds. (1) At least forty five (45) days prior to the opening day of~~  
15 ~~the live racing meet, each association offering quarter horse, appaloosa, or Arabian racing shall~~  
16 ~~submit to the advisory committee established by Section 2 of this administrative regulation:~~

17 ~~— (a) The conditions and rules for KQHAADF funded races for the upcoming year; and~~

18 ~~— (b) A plan for the distribution of funds for KQHAADF funded races for the upcoming year.~~

19 ~~— (2) The advisory committee shall review the proposed conditions, rules, and plan for~~  
20 ~~distribution of funds for KQHAADF funded races and make a recommendation to the~~  
21 ~~commission regarding approval based upon the best interests of Kentucky racing.~~

1 ~~(3) At one (1) of its scheduled meetings, the commission shall, based upon the advice of~~  
2 ~~the advisory committee:~~

3 ~~(a) Approve the conditions and rules for the KQHAADF funded races;~~

4 ~~(b) Approve the distribution of funds for KQHAADF funded races for the upcoming year;~~

5 ~~and~~

6 ~~(c) Authorize expenditures at a time it designates.~~

7 ~~(4) The racing dates for KQHAADF funded races shall be issued after the track has~~  
8 ~~established its race dates.~~

9 ~~Section 9. Incorporation by Reference. (1) The following material is incorporated by~~  
10 ~~reference:~~

11 ~~(a) "Quarter Horse/Appaloosa/Arabian Stallion Registration", KHRC 190-1, 2/11;~~

12 ~~(b) "Quarter Horse/Appaloosa/Arabian Broodmare Registration", KHRC 190-2, 5/11; and~~

13 ~~(c) "Quarter Horse/Appaloosa/Arabian Racing Stock Nomination", KHRC 190-3, 2/11.~~

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15 ~~law, at the Kentucky Horse Racing Commission, 4063 Iron Works Parkway, Building B,~~  
16 ~~Lexington, Kentucky 40511, Monday through Friday, 8:00 a.m. to 4:30 p.m. This material may~~  
17 ~~also be obtained at the commission's Web site, [www.khrc.ky.gov](http://www.khrc.ky.gov).]~~

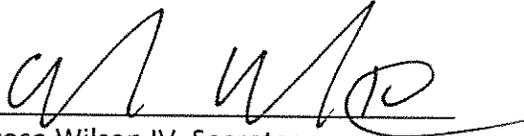
READ AND APPROVED:



Robert M. Beck, Jr., Chairman  
Kentucky Horse Racing Commission



Date



Ambrose Wilson IV, Secretary  
Public Protection Cabinet



Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on January 27, 2016 at 10:00 a.m., at the office of the Kentucky Horse Racing Commission, 4063 Iron Works Parkway, Building B, Lexington, Kentucky 405011. Individuals interested in being heard at this hearing shall notify the Kentucky Horse Racing Commission in writing by January 20, 2016, five 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 until close of business on February 1, 2016. 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: Susan B. Speckert  
General Counsel  
Kentucky Horse Racing Commission  
4063 Iron Works Parkway, Building B  
Lexington, KY 40511  
[susan.speckert@ky.gov](mailto:susan.speckert@ky.gov)  
Phone: (859) 246-2040  
FAX: (859) 246-2039

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Susan B. Speckert, General Counsel, Kentucky Horse Racing Commission  
Phone (859) 246-2040

(1) Provide a brief summary of:

(a) What this administrative regulation does: This regulation provides the rules governing eligibility for participation in the Kentucky Quarter Horse, Paint Horse, Appaloosa and Arabian Development Fund (the "Fund") and the administration of the Fund.

(b) The necessity of this administrative regulation: KRS 230.445 requires the Kentucky Horse Racing Commission ("KHRC") to promulgate administrative regulations regarding eligibility for participation in the Fund and the administration of the Fund. This regulation fulfills that statutory mandate.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 230.445(2) establishes the Fund and requires the KHRC to "use the development fund to promote races and to provide purses for races for horses bred and foaled in the Commonwealth" and to "provide for distribution of money to the credit of the development fund to persons, corporations, or associations operating licensed tracks within Kentucky conducting quarter horse, paint horse, Appaloosa, or Arabian horse racing." This regulation establishes eligibility standards, administrative practices to enforce the standards, and the administration of payments from the Fund.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This regulation provides the specific rules for eligibility to earn

monies from the Fund, conditions for races with purses supplemented by monies from the Fund, and the distribution of monies from the Fund.

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

(a) How the amendments will change this existing administrative regulation: The primary substantive amendments are as follows:

- Include “paint horse” as a breed eligible to participate in the Fund pursuant to statutory changes to the enabling statute.
- Provide that 2 genetic foals from a registered donor mare may be nominated to the Fund as determined by the owner of the donor mare.
- Clarify deadlines for receipt of nomination and registration forms.
- Update requirements for a horse registered with the Fund to leave the state under certain specific circumstances.
- Make provisions related to how an association earns monies from the Fund consistent with the pari-mutuel wagering tax statute, KRS 138.510.
- Clarify how an association earns monies from the Fund when more than one association is running live.
- Provide that unless there is a commission approved proposal to the contrary, the proposed purse structure submitted by an association shall not exceed the total dollars generated by that breed to the association’s Fund account.

- Provide that two or more associations may request permission from the Commission to combine their respective Fund monies to supplement purses at one of the associations.
- Provide reconciliation requirements, including how an association may distribute monies if the association has a balance at the end of a live race meet.
- Remove stallion eligibility requirements, including annual registration fee of \$100 and the requirement for stallion to be standing in Kentucky during the breeding season.
- Remove Kentucky Quarter Horse Racing Association Stallion Auction.

(b) The necessity of the amendment to this administrative regulation: The amendments are necessary due to the statutory addition of paint horses as an eligible breed under the Fund. The amendments are also necessary to make the distribution provisions consistent with the pari-mutuel wagering tax statute, KRS 138.510, and to update the regulation as requested by the Advisory Committee.

(c) How the amendment conforms to the content of the authorizing statutes: The amendments relate to the eligibility requirements and administration of the Fund.

(d) How the amendment will assist in the effective administration of the statutes: The amendments relate to the eligibility requirements and administration of the Fund.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will affect those persons who breed and race Quarter Horses, Paint Horses, Appaloosas and Arabians in conformity with the requirements of the regulation.

(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: Persons who breed and race Quarter Horses, Paint Horses, Appaloosas, and Arabians in Kentucky will have to comply with the requirements and pay the fees set forth in the regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): The amendments do not establish any new fees.

- Mare registration: \$25 for registrations postmarked no later than February 15 of the year of conception, or \$200 for late registrations postmarked no later than June 15 of the year of conception.
- Nominations: \$25 for nominations postmarked no later than December 31 of the weanling year, or \$100 for late nominations postmarked no later than December 31 of the yearling year.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Persons who breed and race Quarter Horses, Paint Horses, Appaloosas, and Arabians in Kentucky will have an opportunity to earn money from the Fund in accordance with the statute and regulation.

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

(a) Initially: The costs will be dependent on the number of participants in the program. If the number of participants increases, there will be a corresponding increase in the cost of administration.

(b) On a continuing basis: See answer to (5)(a).

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The implementation and enforcement of this administrative regulation will be funded out of the Fund pursuant to KRS 230.445 (4)(b) .

(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 increase in fees or funding is anticipated.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: The amendments do not establish any fees or increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All aspects of this regulation will be applied equally to the affected parties.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No. 811 KAR 2:190

Contact Person: Susan B. Speckert  
(859) 246-2040

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.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 230.445.

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? There are potential indirect benefits to state and local governments through employee taxes and sales and use taxes. Each horse participating in the program for breeding purposes will be located in the state and will require feed, hay, veterinarian services, etc., as well as employee management.

(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? See answer to 4 (a).

(c) How much will it cost to administer this program for the first year? Currently, there is very little Quarter Horse and Arabian racing in the Commonwealth and no Paint Horse or

Appaloosa racing. However, if the number of participants increases, there will be a corresponding increase in the costs associated with administering the Fund.

(d) How much will it cost to administer this program for subsequent years? See answer to 4 (c).

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

Revenues (+/-):  
Expenditures (+/-):  
Other Explanation:

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

(1) The “Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund Application to Move Mare Outside of Kentucky,” KHRC Form 190-3, December 2015 is a new one (1) page form that participants complete when seeking permission to move a mare outside of Kentucky for a brief period of time due to one of the exceptions listed in 811 KAR 2:190.

## SUMMARY OF AMENDED MATERIAL INCORPORATED BY REFERENCE

(1) The "Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund Mare Registration Form," KHRC Form 190-1, December 2015 is a two (2) page form that participants complete to nominate their mare(s) prior to or on February 15 of the year of conception and pay a \$25 filing fee or on or prior to June 15 of the year of conception and pay a \$200 filing fee. The amendments change the format of the form and incorporate the new deadlines and filing fee schedules.

(2) The "Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund Nomination Form," KHRC Form 190-2, December 2015 is a one (1) page form that participants complete to nominate a horse for participation in the fund. The amendments change the format of the form and incorporate the new fee schedule.