

1 PUBLIC PROTECTION CABINET

2 Kentucky Horse Racing Commission

3 (Amendment)

4 810 KAR 6:001. Definitions for 810 KAR Chapter 6.

5 RELATES TO: KRS Chapter 230

6 STATUTORY AUTHORITY: KRS 230.215(2), [~~230.225(5)~~] 230.260(8), 230.361(1), 230.370

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215(2) authorizes the Kentucky Horse
8 Racing Commission (the "commission") to regulate conditions under which horse[~~thoroughbred~~]
9 racing shall be conducted in Kentucky. KRS 230.260(8) authorizes the commission to prescribe
10 necessary and reasonable administrative regulations and conditions under which horse racing at
11 a horse race meeting shall be conducted in Kentucky[~~this state~~]. KRS 230.361(1) requires the
12 commission to promulgate administrative regulations governing and regulating pari-mutuel
13 [~~mutuel~~] wagering on horse races under the pari-mutuel system of wagering. This administrative
14 regulation defines the terms used in 810 KAR Chapter 6[~~1~~].

15 Section 1. Definitions.

16 (1) "Added money" means cash, exclusive of trophy or other award, added by the
17 association to stakes fees paid by subscribers to form the total purse for a stakes race.

18 (2) "Age" means the number of years since a horse was foaled, reckoned as if the horse was
19 foaled on January 1 of the year in which the horse was foaled.

1 (3) "Appaloosa horse" means a horse duly registered with the Appaloosa Horse Club, Inc.,
2 Moscow, Idaho.

3 (4) "Appaloosa racing" is defined by KRS 230.210(3).

4 (5) "Arabian horse" means a horse duly registered with the Arabian Horse Club Registry of
5 America.

6 (6)~~(3)~~ "Arrears" means all sums due by a licensee as reflected by his or her account with
7 the horsemen's bookkeeper, including subscriptions, jockey fees, forfeitures, and any default
8 incident to 810 KAR Chapter 6~~(1)~~.

9 (7)~~(4)~~ "Association" is defined by KRS 230.210(5).

10 (8)~~(5)~~ "Authorized agent" means any person currently licensed as an agent for a licensed
11 owner or jockey by virtue of notarized appointment of agency filed with the commission.

12 (9)~~(6)~~ "Betting interest" means a single horse, or more than one (1) horse joined as a
13 mutuel entry or joined in a mutuel field, on which a single pari-mutuel wager may be placed.

14 (10)~~(7)~~ "Bleeder" means any horse known to have bled internally or from its nostrils during
15 a workout or race.

16 (11) ~~(8)~~ "Breakage" means the net pool minus payout.

17 (12) ~~(9)~~ "Breeder" means the owner of the dam of a horse when the horse was foaled. A
18 horse is "bred" at the place of its foaling.

19 (13)~~(10)~~ "Calendar days" means consecutive days counted irrespective of number of
20 racing days.

21 (14) ~~(11)~~ "Carryover" means nondistributed pool monies which are retained and added
22 to a corresponding pool in accordance with 810 KAR 6:020.

1 **(15)** ~~**(12)**~~ "Claiming race" means any race in which every horse running in the race may
2 be transferred in conformity with 810 KAR 4:050.

3 **(16)** ~~**(13)**~~ "Closing" means the time published by the association after which entries for a
4 race will not be accepted by the racing secretary.]

5 **(17)** ~~**(14)**~~ "Commission" means:

6 (a) The Kentucky Horse Racing Commission if used in the context of the administrative
7 agency governing horse racing and pari-mutuel wagering; ~~or~~ ~~and~~

8 (b) If used in the context of pari-mutuel wagering, the amount an association is authorized
9 to withhold from a pari-mutuel wager pursuant to KRS 230.3615, KRS 230.750, and Title 810 of
10 the Kentucky Administrative Regulations. This term may also be defined as "takeout," pursuant
11 to 810 KAR 6:020.

12 **(18)** ~~**(15)**~~ "Day" means any twenty-four (24) hour period beginning at 12:01 a.m. and
13 ending at midnight.

14 **(19)** ~~**(16)**~~ "Dead heat" means a finish of a race in which the noses of two (2) or more horses
15 reach the finish line at the same time.

16 **(20)** ~~**(17)**~~ "Declaration" means the withdrawal of a horse entered in a race prior to time of
17 closing of entries for the race in conformance with 810 KAR Chapter 6 ~~1~~.

18 **(21)** ~~**(18)**~~ "Designated area" means any enclosed area that the commission has approved
19 for the location of terminals used for wagering on ~~an~~ historical horse ~~race~~ races.

20 **(22)** ~~**(19)**~~ "Disciplinary action" means action taken by the stewards or the commission for
21 a violation of KRS Chapter 230 or KAR Title 810 ~~or Title 811~~ and can include:

22 (a) Refusal to issue or renew a license;

1 (b) Revocation or suspension of a license;

2 (c) Imposition of probationary conditions on a license;

3 (d) Issuance of a written reprimand or admonishment;

4 (e) Imposition of fines or penalties;

5 (f) Denial of purse money;

6 (g) Forfeiture of purse money; or

7 (h) Any combination of paragraphs (a) through (g) of this subsection.

8 ~~(23)~~~~(20)~~ "Disqualification" means a ruling of the stewards or the commission revising the
9 order of finish of a race.

10 (24) "Driver" means a person who is licensed to drive a horse in a harness race.

11 ~~(25)~~~~(21)~~ "Entry" means the act of nominating a horse for a race in conformance with KAR
12 Title 810.

13 ~~(26)~~~~(22)~~ "Equipment" means accoutrements other than ordinary saddle, girth, pad, saddle
14 cloth, and bridle carried by a horse, and includes whip, blinkers, tongue strap, muzzle, hood,
15 noseband, bit, shadow roll, martingale, breast plate, bandages, boots, and racing plates or shoes.

16 ~~(27)~~~~(23)~~ "Exhibition race" means a race between horses of diverse ownership for which a
17 purse is offered by the association, but on which no pari-mutuel wagering is permitted.

18 ~~(28)~~~~(24)~~ "Exotic wager" means any pari-mutuel wager placed on a live or historical horse
19 race or races other than a win, place, or show wager placed on a live horse race.

20 ~~(29)~~~~(25)~~ "Field" or "mutuel field" means a single betting interest involving more than one
21 (1) horse that is not a mutuel entry.

1 ~~(30)~~~~(26)~~ "Forfeit" means money due by a licensee because of an error, fault, neglect of
2 duty, breach of contract, or alternative ruling of the stewards or the commission.

3 ~~(31)~~~~(27)~~ "Free handicap" means a handicap for which no nominating fee is required to be
4 weighted, but an entrance or starting fee may be required for starting in the race.

5 ~~(32)~~~~(28)~~ "Handicap race" means a race in which the weights to be carried by the horses
6 are assigned by the association handicapper with the intent of equalizing the chances of winning
7 for all horses entered in the race.

8 ~~(33)~~~~(29)~~ "Handle" means the aggregate of all pari-mutuel pools, excluding refundable
9 wagers.

10 ~~(34)~~~~(30)~~ "Historical horse race" means any horse race that:

11 (a) Was previously run at a licensed pari-mutuel facility located in the United States;

12 (b) Concluded with official results; and

13 (c) Concluded without scratches, disqualifications, or dead-heat finishes.

14 ~~(35)~~~~(31)~~ "Horse" means any equine (including and designated as a mare, filly, stallion, colt,
15 ridgeling, or gelding)~~[a thoroughbred registered with The Jockey Club irrespective of age or sex~~
16 ~~designation].~~

17 ~~(36)~~~~(32)~~ "Ineligible" means a horse or person not qualified under 810 KAR Chapter ~~6~~~~(1)~~ or
18 conditions of a race to participate in a specified racing activity.

19 ~~(37)~~ ~~(33)~~ "Initial seed pool" means a nonrefundable pool of money ~~[funded by]~~ that may
20 be funded by an association in ~~[an amount sufficient]~~ order to ensure that a patron will be paid
21 the minimum amount required on a winning wager on an historical horse race in the event of a
22 minus pool.

1 ~~(37)~~~~(34)~~ "Jockey" means a rider currently licensed to ride in races other than harness races as a
2 jockey, apprentice jockey, amateur jockey, or a provisional jockey permitted by the stewards to
3 ride in three (3) races prior to.

4 ~~(38)~~~~(34)~~ "Jockey" means a rider currently licensed to ride in races other than harness races
5 as a jockey, apprentice jockey, amateur jockey, or a provisional jockey permitted by the stewards
6 to ride in three (3) races prior to applying for a license.

7 ~~(39)~~ "Judge" means a duly appointed racing official with powers and duties specified in 810
8 KAR 2:050 serving at a current meeting in the Commonwealth.

9 ~~(40)~~~~(35)~~ "Lessee" means a licensed owner whose interest in a horse is a leasehold.

10 ~~(41)~~~~(36)~~ "Licensed premises" means:

11 (a) For facilities in operation as of 2010,~~the~~ the location and physical plant described in
12 ~~[response to question P of the Commonwealth of Kentucky]~~ the "Kentucky Horse Racing
13 Commission Initial/Renewal Application for License to Conduct Live Horse Racing, Simulcasting,
14 and Pari-Mutuel Wagering" filed for racing to be conducted in 2010;

15 (b) Real property of an association, if the association receives approval from the
16 commission after 2010 for a new location at which live racing will be conducted; or

17 (c) One (1) facility or real property that is:

18 1. Owned, leased, or purchased by a licensed association within a sixty (60) mile radius of
19 the association's track but not contiguous to track premises, upon commission approval; and

20 2. Not ~~[For purposes of paragraphs (b) and (c) of this subsection, is not]~~ within a sixty (60)
21 mile radius of another licensed track premise where live racing is conducted and not within a

1 forty (40) mile radius of a simulcast facility, unless any affected track of simulcast facility agrees
2 in writing to permit a noncontiguous facility within the protected geographic area.

3 ~~(42)~~~~(37)~~ "Licensee" means an individual, firm, association, partnership, corporation,
4 trustee, or legal representative that has been duly issued a currently valid license to participate
5 in racing in the Commonwealth.

6 ~~(43)~~~~(38)~~ "Maiden" means a horse which has never won a race on the flat at a recognized
7 meeting in any country. A maiden which was disqualified after finishing first remains a maiden.
8 Race conditions referring to maidens shall be interpreted as meaning maidens at the time of
9 starting.

10 ~~(44)~~~~(39)~~ "Match race" means a race between two (2) horses for which no other horses are
11 eligible.

12 ~~(45)~~~~(40)~~ "Meeting" means the entire period of consecutive days, exclusive of dark days,
13 granted by the commission to a licensed association for the conduct of live horse racing that:

14 (a) Begins at 10 a.m. of the first racing day; and

15 (b) Extends through a period ending one (1) hour after the last scheduled race of the last
16 day.

17 ~~(46)~~~~(41)~~ "Minus pool" means a pari-mutuel pool in which the amount of money to be
18 distributed on winning wagers exceeds the amount of money contained in ~~the net pool~~ that
19 pari-mutuel pool.

20 ~~(47)~~~~(42)~~ "Month" means calendar month.

21 ~~(48)~~~~(43)~~ "Mutuel entry" means a single betting interest involving two (2) or more horses
22 entered in the same race and joined for pari-mutuel purposes because of common ties as to

1 ownership or training so that a wager on one (1) horse joined in a mutuel entry is a wager on all
2 horses joined in the same mutuel entry.

3 (49)[(44)] "Net pool" means the total amount wagered less refundable wagers and takeout.

4 (50)[(45)] "Nomination" means a subscription or entry of a horse in a stakes or early closing
5 race.

6 (51)[(46)] "Nominator" means the person in whose name a horse is entered for a race.

7 (52)[(47)] "Owner" means any person who holds, in whole or in part, any right, title, or
8 interest in a horse, or any lessee of a horse, who has been duly issued a currently valid owner's
9 license as a person responsible for the horse.

10 (53)[(48)] "Pari-mutuel wagering," "mutuel wagering", or "pari-mutuel system of wagering"
11 each means a system or method of wagering previously or hereafter approved by the commission
12 in which one (1) or more patrons wager on a horse race or races, whether live, simulcast, or
13 previously run. Wagers shall be placed in one or more wagering pools, and wagers on different
14 races or sets of races may be pooled together. Patrons may establish odds or payouts, and
15 winning patrons share in amounts wagered including any carryover amounts, plus any amounts
16 provided by an association less any deductions required, as approved by the racing commission
17 and permitted by law. Pools may be paid out incrementally over time as approved by the
18 commission~~[are wagering among themselves and not against the association and amounts~~
19 ~~wagered are placed in one or more designated wagering pools and the net pool is returned to~~
20 ~~the winning patrons].~~

1 (54) "Pari-mutuel pool" means any pool into which pari-mutuel wagers made by patrons
2 are placed. For every wager placed into a pari-mutuel pool by a patron, that patron is eligible to
3 receive at least a minimum payout on a winning wager.

4 (55)[(49)] "Patron" means an individual present at a track, licensed premises, or a simulcast
5 facility who observes or wagers on [a] live or historical horse [ræce] races.

6 (56)[(50)] "Payout" means the amount of the net pool payable to an individual patron on
7 his or her winning wager.

8 (57)[(51)] "Place," if used in the context of a single position in the order of finish in a race,
9 means second; if used in the context of pari-mutuel wagering, a "place" wager means one
10 involving a payoff on a betting interest which finished first or second in a race; if used in the
11 context of multiple positions in the order of finish in a race, "place or placing" means finishing
12 first or second.

13 (58)[(55)] "Player-funded pool" means a pool of money funded by patrons wagering on a
14 live or historical horse race or races that is only used to ensure that a patron will receive a payout
15 on a winning wager in the event of a minus pool as defined in this regulation.

16 (59)[(52)] "Post" means the starting point of a race.

17 (60)[(53)] "Post position" means the relative place assigned to each horse, numbered from
18 the inner rail across the track at the starting line, from which each horse is to start a race.

19 (61)[(54)] "Post time" means the advertised moment scheduled for the arrival of all horses
20 at the starting point for a race.

21 (62)[(55)] "Prize" means the combined total of any cash, premium, trophy, and object of
22 value awarded to the owners of horses according to order of finish in a race.

1 ~~(63)~~~~(56)~~ "Purse" means the gross cash portion of the prize for which a race is run.

2 ~~(64)~~ "Quarter horse" means a horse registered with the American Quarter Horse Association
3 of Amarillo, Texas.

4 ~~(65)~~~~(57)~~ "Purse race" means any race for which entries close at a time designated by the
5 racing secretary, and for which owners of horses entered are not required by its conditions to
6 contribute money toward its purse.

7 ~~(66)~~~~(58)~~ "Race" means a running contest between ~~[thoroughbreds]~~ horses, ridden by
8 jockeys or driven by drivers, over a prescribed course free of obstacles or jumps, at a recognized
9 meeting, during regular racing hours, for a prize.

10 ~~(67)~~~~(59)~~ "Race day" means any period of twenty-four (24) hours beginning at 12:01 a.m.
11 and ending at midnight in which live racing is conducted by an association.

12 ~~(68)~~~~(60)~~ "Racing official" means a racing commission member, commission staff as duties
13 require, and all association racing department employees, as duties require.

14 ~~(69)~~~~(61)~~ "Recognized meeting" means any meeting with regularly scheduled live horse
15 races for thoroughbreds on the flat, licensed by and conducted under administrative regulations
16 promulgated by a governmental regulatory body, to include foreign countries which are
17 regulated by a racing authority which has reciprocal relations with The Jockey Club and whose
18 race records can be provided to an association by The Jockey Club.

19 ~~(70)~~~~(62)~~ "Registration certificate" means, with respect to thoroughbreds:

20 (a) The document issued by The Jockey Club certifying the name, age, color, sex, pedigree,
21 and breeder of a horse as registered by number with The Jockey Club; or

1 (b) The document known as a "racing permit" issued by The Jockey Club in lieu of a
2 registration certificate if a horse is recognized as a thoroughbred for racing purposes in the
3 United States, but is not recognized as a thoroughbred for breeding purposes insofar as
4 registering its progeny with the Jockey Club.

5 (71)~~[(63)]~~ "Result" means the part of the official order of finish in a race used to determine
6 the pari-mutuel payoff of pari-mutuel pools.

7 (72)~~[(64)]~~ "Rulings" means all determinations, decisions, or orders of the stewards or of the
8 commission duly issued in writing and posted.

9 (73)~~[(65)]~~ "Scratch" means the withdrawal of a horse entered for a race after the time of
10 closing of entries for the race in conformance with KAR Title 810.

11 (74) ~~[(66)]~~ "Scratch time" means the time set by the racing secretary as a deadline for
12 horsemen to indicate their desire to scratch out of a race.

13 (75)~~[(67)]~~ "Secretary" means the duly appointed and currently serving secretary of the
14 commission.

15 ~~[(68)] "Seed pool" means a pool of money funded by patrons wagering on an historical horse
16 race that is used to ensure that all patrons are paid the minimum payout on winning wagers.]~~

17 (76) "Simulcasting" is defined by KRS 230.210.

18 (77)~~[(69)]~~ "Specimen" means a sample of blood, urine, or other biologic sample taken or
19 drawn from a horse for chemical testing.

20 (78)~~[(70)]~~ "Stakes" means all fees:

21 (a) Paid by subscribers to an added-money or stakes race for nominating, eligibility,
22 entrance, or starting, as may be required by the conditions of the race; and

1 (b) Included in the purse.

2 ~~(79)~~~~(71)~~ "Stakes race" means a race that closes more than seventy-two (72) hours in
3 advance of its running and for which subscribers contribute money towards its purse, or a race
4 for which horses are invited by an association to run for a guaranteed purse of \$50,000 or more
5 without payment of stakes. With the exception of stakes races in North America, "stakes race"
6 shall exclude races not listed by The Jockey Club Information System International Cataloguing
7 Standards, Part One (1).

8 ~~(80)~~~~(72)~~ "Starter" means a horse in a race when the starting-gate doors open in front of it
9 at the moment the starter dispatches the horses for a race.

10 ~~(81)~~~~(73)~~ "Steward" means a duly appointed racing official with powers and duties
11 specified in 810 KAR 2:040 serving at a current meeting in the Commonwealth.

12 ~~(82)~~~~(74)~~ "Subscription" means nomination or entry of a horse in a stakes race.

13 ~~(83)~~~~(75)~~ "Takeout" is defined in Section 1(17)(b) of this regulation as "Commission."

14 ~~(84)~~~~(76)~~ "Terminal" means any self-service totalizator machine or other mechanical
15 equipment used by a patron to place a pari-mutuel wager on a live or historical horse race or
16 races.

17 ~~(85)~~~~(77)~~ "Thoroughbred racing" is defined by KRS 230.210~~(21)~~.

18 ~~(86)~~~~(78)~~ "Totalizator" means the system, including hardware, software, communications
19 equipment, and electronic devices that accepts and processes the cashing of wagers, calculates
20 the odds and prices of the wagers, and records, displays, and stores pari-mutuel wagering
21 information.

22 ~~(87)~~~~(79)~~ "Unplaced" means a horse that finishes a race outside the pari-mutuel payoff.

1 (88) "Wagering pool" is defined in Section 1 of this regulation as pari-mutuel pool.

2 (89)~~(80)~~ "Walkover" means a race in which the only starter or all starters represent single
3 ownership.

4 (90)~~(81)~~ "Weigh in" means the presentation of a jockey to the clerk of scales for weighing
5 after a race.

6 (91)~~(82)~~ "Weigh out" means the presentation of a jockey to the clerk of scales for weighing
7 prior to a race.

8 (92)~~(83)~~ "Weight for age" means the standard assignment of pounds to be carried by
9 horses in races at specified distances during specified months of the year, scaled according to the
10 age of the horse as set out in 810 KAR 4:020.

11 (93)~~(84)~~ "Workout" means the training exercise of a horse on the training track or main
12 track of an association during which the horse is timed for speed over a specified distance.

13 (94)~~(85)~~ "Year" means twelve (12) consecutive months beginning with January and ending
14 with December.

15 Section 2. Severability. If any provision or administrative regulation of this chapter is found
16 to be invalid, the remaining provisions of this chapter shall not be affected nor diminished
17 thereby.

810 KAR 6:001
READ AND APPROVED:



2/16/2021

Jonathan Rabinowitz

Date

Chair, Kentucky Horse Racing Commission



2/15/2021

Kerry Harvey

Date

Secretary, Public Protection Cabinet

PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held at 9:00 AM on May 24, 2021 at 4063 Iron Works Parkway, Building B, Lexington, KY 40511. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays 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 canceled. 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 PM on May 31, 2021. 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: Jennifer Wolsing

Title: General Counsel

Address: 4063 Iron Works Parkway, Building B, Lexington, KY 40511

Phone: +1 (859) 246-2040

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REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 810 KAR 6:001

Contact Person: Jennifer Wolsing

Phone: +1 (859) 246-2040

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This regulation establishes the regulatory definitions that apply to all pari-mutuel and exotic wagering on live and historical horse races in the Commonwealth.

(b) The necessity of this administrative regulation: The regulation is necessary to provide specific and updated definitions of the terms used in the commission's regulations.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 230.215 authorizes the commission to regulate the conditions under which racing and pari-mutuel wagering thereon shall be conducted in Kentucky. KRS 230.361 requires the commission to promulgate administrative regulations governing and regulating pari-mutuel wagering on horse races under the pari-mutuel system of wagering.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: KRS 230.215(2) authorizes the commission to regulate the conditions under which racing and pari-mutuel wagering thereon shall be conducted in the Commonwealth. This regulation provides specific and updated definitions for the terms used in the commission's administrative regulations.

(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: First, this proposed amendment will allow racing associations to offer pari-mutuel wagering on historical horse races while maintaining compliance with recent Supreme Court case law. Also, this proposed amendment helps to consolidate the pari-mutuel and exotic pari-mutuel wagering definitions into one regulation rather than three, so that KAR Title 810 will be expanded to regulate pari-mutuel and exotic wagering on all types of live or historical horse racing.

(b) The necessity of the amendment to this administrative regulation: Primarily, this amendment is necessary to assist Kentucky racing associations in achieving compliance with the Kentucky Supreme Court's decision in *Family Tr. Found of Kentucky, Inc. v. Kentucky Horse Racing Comm'n*, No. 2018-SC-0630-TG, 2020 WL 5806813 (Ky. Sept. 24, 2020). In addition, this amendment is necessary to reduce the number of regulations applicable to pari-mutuel and exotic pari-mutuel wagering and make the regulations easier to understand.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 230.215 authorizes the commission to regulate the conditions under which horse racing and pari-mutuel wagering thereon shall be conducted in the Commonwealth. KRS 230.361 requires the commission to promulgate administrative regulations governing and regulating pari-mutuel wagering on horse races. This regulation provides specific definitions of terms used in the commission's administrative regulations.

(d) How the amendment will assist in the effective administration of the statutes: This proposed amendment provides definitions of terms used in the commission's administrative regulations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This proposed amendment will affect the eight currently-licensed racing associations in the Commonwealth, any applicant for a racing association license, the owners and trainers who participate in racing in the Commonwealth, the jockeys who ride in the Commonwealth, the harness drivers who drive in the Commonwealth, the patrons who place pari-mutuel wagers on live and historical horse racing in the Commonwealth, and the commission.

(4) Provide an analysis of how the entities identified in the previous question 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 each of the regulated entities have to take to comply with this regulation or amendment: Racing associations offering HHR wagering must eliminate the use of the initial seed pool, as per the Supreme Court's September 24, 2020 Opinion. Additionally, the associations may opt to use a player-funded pool, as set forth in the definitions.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity or increase compliance costs at all for the commission.

(c) As a result of compliance, what benefits will accrue to the entities: The racing associations will have a defined process to follow if they plan to offer exotic wagers. They will be able to offer increased pari-mutuel wagering options to patrons and can expect an increase in on-track attendance and total pari-mutuel handle. The increased revenue can be used to maintain and improve racing association facilities and supplement purses for live races run at each racing association. The increased purses will help the racing associations to compete with racing associations in neighboring states that offer expanded gaming options. The owners, trainers, jockeys, and harness drivers will benefit from increased purses, as well as any improvements to a racing association's facilities. The patrons will benefit from any improvements to a racing association's facilities, as well as from increased pari-mutuel wagering options.

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

(a) Initially: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity and will not increase compliance costs for the commission. The racing associations will continue to experience costs due to employee compensation and expenses, as well as equipment maintenance. The commission will be reimbursed by the racing associations for additional employee compensation and other expenses.

(b) On a continuing basis: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity and will not increase compliance costs for the commission. The racing associations will continue to experience costs due to employee compensation and expenses, as well as equipment maintenance. The commission will be reimbursed by the racing associations for additional employee compensation and other expenses pursuant to KRS 230.240.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity and will not increase compliance costs for the commission. As a general rule, the commission is reimbursed by the racing associations for additional employee compensation and other expenses pursuant to KRS 230.240.

(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: This proposed amendment is not anticipated to increase compliance costs significantly for any regulated entity and will not increase compliance costs at all for the commission.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This proposed amendment does not change any pari-mutuel or exotic pari-mutuel wagering definitions that were not already in place. Instead, the proposed amendment simply helps to establish the consolidation of pari-mutuel wagering definitions into one regulation, rather than three. Therefore, this proposed amendment is not anticipated to increase compliance costs for any regulated entity or the commission.

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

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation: 810 KAR 6:001

Contact Person: Jennifer Wolsing

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(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 and the Department of Revenue.

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

KRS 230.215, 230.260, 230.361, and 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. If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

(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 proposed amendment is not anticipated to increase revenue any more than the current regulatory scheme does. Instead, this proposed amendment will preserve tax revenue by allowing associations to continue offering pari-mutuel wagering on historical horse racing, while still complying with recent Supreme Court case law. As it is under the current regulatory scheme, the amount of tax revenue will be dependent on the number of terminals the associations install and operate.

(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 proposed amendment is not anticipated to increase revenue any more than the current regulatory scheme does. Instead, this proposed amendment will preserve tax revenue by allowing associations to continue offering pari-mutuel wagering on historical horse racing, while still complying with recent Supreme Court case law. As it is under the current regulatory scheme, the amount of tax revenue will be dependent on the number of terminals the associations install and operate.

(c) How much will it cost to administer this program for the first year? This regulation will have no effect on the expenditures and revenues of any state or local government agency.

(d) How much will it cost to administer this program for subsequent years? There will be no administrative costs as a result of this regulation.

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

(4) Revenues (+/-): None.

(5) Expenditures (+/-): None.

(6) Other Explanation: N/A.

