

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

810 KAR 3:020

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Subject Headings: Equine and Horses; Racing and Gaming; Licensing

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes procedures by which individuals participating in horse racing are licensed by the Kentucky Horse Racing and Gaming Corporation (“KHRGC”), including who may be licensed, when they may be licensed, and licensing fees.

(b) The necessity of this administrative regulation: This regulation is necessary to ensure the integrity of horse racing in Kentucky by ensuring that KHRGC has a framework for issuing licenses and individuals who must be licensed to participate in horse racing have a framework for obtaining licenses.

(c) How this administrative regulation conforms to the content of the authorizing statutes: The Kentucky Horse Racing and Gaming Corporation is vested with forceful control of horse racing in the Commonwealth. KRS 230.215(2)(a). The KHRGC is vested with jurisdiction and supervision over all live horse racing and pari-mutuel wagering in the state and over all associations and persons on associations grounds. KRS 230.260(1). The KHRGC shall have full authority to prescribe necessary and reasonable administrative regulations under which licensing at a horse racing facility shall be conducted in Kentucky. KRS 230.310. This regulation establishes licensing procedures to implement the statutory mandate.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists with the effective administration of the statutes by providing a regulatory framework for licensing horse racing participants.

(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 amendment includes the following changes: 1. Conforms the licensing categories of the regulation to the revised KRS 321, as codified by Senate Bill 69; 2. Creates or increases some categories of licensing fees, primarily those that did not previously exist, but need to exist or be more prevalent in the future due to the changing horse racing industry in the Commonwealth; 3. Allows a written request for a waiver of licensing requirements for certain racing participants who qualify for licensure by the KHRGC in more than one category; 4. Changes the earliest date to submit a license application from November 1 to October 1; 5. removes the 3-day cap for special events licenses; and 6. Cleans up minor errors and alphabetization of lists.

(b) The necessity of the amendment to this administrative regulation: This amendment is necessary to: 1. Conform this regulation to the revised KRS 321; 2. Modernize the licensing fee schedule

due to changes in the racing landscape in Kentucky; 3. Provide a waiver option to applicable racing participants to provide a more streamlined and efficient process for those racing participants and the KHRGC; 4. Change the date to submit a licensing application to allow the KHRGC's staff to gather more applications when certain licensed associations have racing; and 5. Give the KHRGC's staff more discretion in licensing applicants for special events.

(c) How the amendment conforms to the content of the authorizing statutes: The KHRGC is vested with forceful control of horse racing in the Commonwealth. KRS 230.215(2)(a). The KHRGC is vested with jurisdiction and supervision over all live horse racing and pari-mutuel wagering in the state and over all associations and persons on associations grounds. KRS 230.260(1). The KHRGC shall have full authority to prescribe necessary and reasonable administrative regulations under which licensing for persons participating in at a horse racing facility shall be conducted in Kentucky. KRS 230.310. These amendments provide necessary changes to the regulations establishing licensing procedures for racing participants in Kentucky.

(d) How the amendment will assist in the effective administration of the statutes: The amendment will assist in the effective administration of the statutes by making necessary changes to the regulations setting requirements for licensing racing participants in Kentucky.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? No.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The KHRGC is affected by this administrative regulation, and any licensed participant in horse racing is potentially affected by this administrative regulation.

(5) 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: Some portions of this amendment to the administrative regulation may change the licensing requirements for a small number of licensees. Other portions of the amendment grant increased flexibility to the regulated entities and the KHRGC.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Certain KHRGC licensees may pay increased fees. An estimate cannot be provided, however the impact is anticipated to be minimal compared to overall licensing fees and revenue in Kentucky.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): KHRGC will benefit from a modernized fee schedule that more closely aligns with the horse racing landscape in Kentucky. Licensees will benefit from increased clarity in the regulation as a result of clean-up and corrections to the regulation. Certain racing participants will have an option to request a waiver of the license application process based on their current license(s) with the

KHRGC, making the application process less cumbersome for the licensee and the KHRGC. Furthermore, the KHRGC will have more flexibility and discretion in their licensing procedures.

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

(a) Initially: There is no anticipated initial cost to administer the amendments to this administrative regulation.

(b) On a continuing basis: There is no anticipated continuing cost to administer the amendments to this administrative regulation.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: There is no additional funding needed to implement and enforce the amendments in this administrative regulation.

(8) 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 necessary to implement the amendment to this administrative regulation.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: The amendments to this administrative regulation establish or increase certain licensing fees, primarily for licensing categories that did not previously exist, but need to exist or be more prevalent in the future due to the changing horse racing industry in the Commonwealth.

(10) TIERING: Is tiering applied? (Explain why or why not) Tiering was not applied because this administrative regulation will apply to all similarly situated entities and individuals in the same manner.