

810 KAR 6:010. Exotic wagering.

RELATES TO: KRS 230.300, 230.361, 230.3615, 230.370, 230.398, 230.750

STATUTORY AUTHORITY: KRS 230.210, 230.215, 230.361, 230.370

NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.215(2) authorizes the Kentucky Horse Racing Commission to regulate conditions under which horse racing and pari-mutuel wagering thereon shall be conducted in Kentucky. KRS 230.361(1) requires the commission to promulgate administrative regulations governing and regulating pari-mutuel wagering on horse races under the pari-mutuel system of wagering. This administrative regulation establishes the procedures and regulations governing exotic wagering under KRS Chapter 230 and KAR Title 810.

Section 1. All Pari-mutuel Wagers on a Historical Horse Race or Races Shall be Exotic Wagers. All pari-mutuel wagers other than win, place, or show wagers on a live horse race shall be exotic wagers.

Section 2. Exotic Wagers Shall be Approved by Commission.

(1) An association shall not offer an exotic wager on any live or historical horse race or races without the prior written approval of the commission.

(2) An association making a request to offer an exotic wager on a live or historical horse race may make an oral presentation to the commission regarding the wager prior to the commission deciding on the request.

(a) The presentation shall be made by the association during a meeting of the commission.

(b) The presentation shall be limited to the information contained in the written request and any supplemental information relevant to the commission's determination of the suitability of the wager.

(c) The commission may require an association to clarify or otherwise respond to questions concerning the written request as a condition of approval for the exotic wager.

(3) The commission may request additional information from an association regarding the exotic wager if the additional information would assist the commission in deciding whether or not to approve it.

(4) In reviewing a written request for an exotic wager, the commission may consider any information, data, reports, findings, or other factors available that the commission considers important or relevant to its determination regarding wager approval.

(5) The commission or its designee shall review and test the exotic wager and shall give its approval if it is satisfied that the wager:

(a) Will not adversely affect the safety or integrity of horse racing or pari-mutuel wagering in the Commonwealth; and

(b) Complies with KRS Chapter 230 and KAR Title 810.

(6) The commission shall notify the association if the commission determines that the criteria established in subsection (5) of this section are no longer being met and the commission intends to withdraw approval of a particular exotic wager.

(7) An association shall not implement any change or modification to the practices, procedures, or representations upon which the approval of the exotic wager was based without the prior written approval of the commission.

Section 3. Exotic Wagers on a Live Horse Race or Races.

(1) Except as established in subsection (2) of this section, an association shall submit a written request to the commission for permission to offer any exotic wager on a live horse race or races, which shall include a detailed description of the rules that apply to the pari-mutuel wager and the method of calculating payouts.

(2) If the rules have not been modified since the wager was approved by the commission, an association shall not be required to seek the commission's approval to offer the following previously approved exotic wagers on live horse races: Exacta, Perfecta, Quinella, Trifecta, Superfecta, Double Perfecta, Big Q, Twin Trifecta, Daily Double, Super High 5, Pick-3, Pick-4, and Pick-6.

Section 4. Exotic Wagers on a Historical Horse Race or Races.

(1) An association shall submit a written request to the commission for permission to offer any exotic wager on a historical horse race or races, which shall include:

- (a) The types, number, and denominations of pari-mutuel wagers to be offered;
- (b) A detailed description of the rules that apply to the pari-mutuel wager, the trust account, if applicable, and the player-funded pool or pools, if applicable, as well as the method of calculating payouts;
- (c) The days and hours of operation during which wagering on historical horse races will be offered;
- (d) A detailed description of the proposed designated area and the terminal or terminals on which the pari-mutuel wagers will be made, including:
 1. An architect's rendering of the proposed designated area which describes the size, construction, layout, capacity, number of terminals, and location of surveillance and other security equipment; and
 2. At least one (1) photograph of the designated area once construction is completed;
- (e) The practices and procedures that will ensure the security, safety, and comfort of patrons in the designated area;
- (f) The manufacturer, make, and model of the terminal, including a copy of all literature supplied by the manufacturer of the terminal;
- (g) The maintenance and repair procedures that will ensure the integrity of the terminals;
- (h) A complete list of individuals who are authorized to examine and repair the terminals for any reason; and
- (i) A memorandum stating the terms of the agreement established in Section 6(2) of this administrative regulation between the association and one (1) of the following horsemen's organizations, as applicable:
 1. For thoroughbred associations operating historical horse racing, the Kentucky Horsemen's Benevolent and Protective Association, the Kentucky Thoroughbred Association/Kentucky Thoroughbred Owners and Breeders, or their successors;
 2. For standardbred associations operating historical horse racing, the Kentucky Harness Horsemen's Association, the Kentucky Harness Association, or their successors;
 3. For quarterhorse associations operating historical horse racing, the Kentucky Quarter Horse Racing Association or its successor;
 4. For Arabian associations operating historical horse racing, the Arabian Jockey Club, or its successor; and
 5. For appaloosa associations operating historical horse racing, a horsemen's organization representing appaloosa racing.

(2)

(a) Except as established in paragraph (b) of this subsection, each association that is approved by the commission to offer exotic wagering on historical horse racing shall request, in any application submitted for a license, to conduct live horse racing pursuant to KRS 230.300 and 810 KAR 3:010:

1. No less than 100 percent of the number of racing days initially requested by the association in its application, incorporated by reference in 810 KAR 3:010, to conduct racing for the 2010 racing year; and

2. No less than 100 percent of the number of races initially requested by the association in its application, incorporated by reference in 810 KAR 3:010, to conduct racing for the 2010 racing year.

(b) An association may apply for less than 100 percent of the number of racing days initially applied for by the association in its application to conduct racing for 2010, or the number of races initially applied for by the association in its application to conduct racing for 2010, if written approval is obtained from the commission, and from one (1) of the following horsemen's organizations, as applicable:

1. For thoroughbred associations operating historical horse racing, the Kentucky Horsemen's Benevolent and Protective Association, the Kentucky Thoroughbred Association/Kentucky Thoroughbred Owners and Breeders, or their successors;
2. For standardbred associations operating historical horse racing, the Kentucky Harness Horsemen's Association, the Kentucky Harness Association, or their successors;
3. For quarterhorse associations operating historical horse racing, the Kentucky Quarter Horse Racing Association or its successor;
4. For Arabian associations operating historical horse racing, the Arabian Jockey Club, or its successor; and
5. For appaloosa associations operating historical horse racing, a horsemen's organization representing appaloosa racing.

Section 5. Terminals Used for Wagering on a Historical Horse Race or Races.

(1) Wagering on historical horse races shall be conducted only on terminals approved by the commission as established in Section 2(5) of this administrative regulation and subsection (2) of this section. The commission shall not require any particular make of terminal.

(2)

(a) The commission shall require testing of each terminal used for wagering on historical horse races by an independent testing laboratory to ensure the terminal's integrity and proper working order.

(b) The independent testing laboratory shall be chosen by the commission, based on promoting the best interests of racing, and the expense of the testing shall be paid by the association offering the wagering on historical horse races.

(3) Each terminal for wagering on historical horse races shall display odds or pool amounts that the patron will receive for a winning wager on each pari-mutuel wagering pool.

Section 6. Takeout.

(1) Each association conducting exotic wagering on historical horse races shall deduct a takeout, which shall not exceed the percentages established in KRS 230.3615 or KRS 230.750, as applicable.

(2)

(a) Each association shall enter into an agreement with one (1) of the following horsemen's organizations, as applicable, to establish the allocation of the takeout on all exotic wagers on historical horse races offered by the association:

1. For thoroughbred associations operating historical horse racing, the Kentucky Horsemen's Benevolent and Protective Association, the Kentucky Thoroughbred Association/Kentucky Thoroughbred Owners and Breeders, or their successors;
2. For standardbred associations operating historical horse racing, the Kentucky Harness Horsemen's Association, the Kentucky Harness Association, or their successors;
3. For quarterhorse associations operating historical horse racing, the Kentucky Quarter Horse Racing Association or its successor;

4. For Arabian associations operating historical horse racing, the Arabian Jockey Club, or its successor; and

5. For appaloosa associations operating historical horse racing, a horsemen's organization representing appaloosa racing.

(b) The agreement shall apply to all exotic wagers on historical horse races offered, or to be offered, by the association during the term of the agreement.

(c) The agreement shall include provisions allocating a percentage of the takeout to purses on live races run by the association.

(d) Each association shall provide a memorandum outlining the terms of the agreement to the commission.

Section 7. Severability. In the event that any provision or administrative regulation of this chapter is found to be invalid, the remaining provisions of this chapter shall not be affected nor diminished thereby.

(47 Ky.R. 2181; 48 Ky.R. 362; eff. 8-12-2021.)