

Interstate Racing and Wagering Compact

The Act authorizes and directs the Governor to execute an interstate compact on participation in live pari-mutuel horse racing and pari-mutuel wagering activities; define terms; establish compact commission and assign powers and duties; establish rule-making procedure; permit compact commission to charge fees; establish rights and responsibilities of member states, restrictions on authority, and construction, saving, and severability; establish effective provision based upon enactment by at least six states.

The purposes of this compact are:

- To enable member states to act jointly and cooperatively to create more uniform, effective, and efficient practices, programs, rules, and regulations relating to live pari-mutuel horse or greyhound racing and to pari-mutuel wagering activities, both on-track and off-track, that occur in or affect a member state;
- To facilitate the health and growth of the industry by simplifying the process of participating in live horse and greyhound racing and pari-mutuel wagering, improving the quality and integrity of racing and wagering, more effectively regulating simulcast and wagering systems and activities, and through cooperative action reducing the costs incurred by each member state or participant;
- To authorize the Kentucky Horse Racing Commission to participate in this compact;
- To permit officials from the member states to participate in this compact and, through the compact commission established by this compact, to enter into contracts with governmental agencies and other persons to carry out the purposes of this compact; and
- To establish the compact commission created by this compact as an interstate governmental entity duly authorized to request and to receive criminal history record information from the Federal Bureau of Investigation and from state, local, and foreign law enforcement agencies.

Submitted as:

Kentucky

[SB 24](#)

Status: Signed into law on March 16, 2011.

Suggested State Legislation

(Title, enacting clause, etc.)

- 1 The Governor of this [Commonwealth] is authorized and directed to execute a compact on behalf
- 2 of the Commonwealth with any of the United States, the District of Columbia, the
- 3 Commonwealth of Puerto Rico, and each territory or possession of the United States, legally
- 4 joining therein in the form substantially as follows:

1 Section 1. *[Purposes.]*

2 The purposes of this compact are:

- 3 (A) To enable member states to act jointly and cooperatively to create more uniform, effective,
4 and efficient practices, programs, rules, and regulations relating to live pari-mutuel horse or
5 greyhound racing and to pari-mutuel wagering activities, both on-track and off-track, that
6 occur in or affect a member state;
- 7 (B) To facilitate the health and growth of the industry by simplifying the process of participating
8 in live horse and greyhound racing and pari-mutuel wagering, improving the quality and
9 integrity of racing and wagering, more effectively regulating simulcast and wagering
10 systems and activities, and through cooperative action reducing the costs incurred by each
11 member state or participant;
- 12 (C) To authorize the [Kentucky Horse Racing Commission] to participate in this compact;
- 13 (D) To permit officials from the member states to participate in this compact and, through the
14 compact commission established by this compact, to enter into contracts with governmental
15 agencies and other persons to carry out the purposes of this compact; and
- 16 (E) To establish the compact commission created by this compact as an interstate governmental
17 entity duly authorized to request and to receive criminal history record information from the
18 Federal Bureau of Investigation and from state, local, and foreign law enforcement agencies.
19

20 Section 2. *[Definitions.]*

21 For the purposes of this compact, the following terms shall have the following meaning:

- 22 (A) "Commissioner" means the chairperson of the member state racing commission, or such
23 person's designee, who represents the member state as a voting member of the compact
24 commission and anyone who is serving as such person's alternate;
- 25 (B) "Compact commission" means the organization of officials from the member states that is
26 authorized and empowered by this compact to carry out the purposes of this compact;
- 27 (C) "Compact rule" means a rule or regulation adopted by a member state through the compact
28 to govern, for two (2) or more member states, any part of live pari-mutuel horse and
29 greyhound racing or pari-mutuel wagering activities, whether on-track or off-track, that
30 occur in or affect such states;
- 31 (D) "Live racing" means live horse or greyhound racing with pari-mutuel wagering;
- 32 (E) "Member state" means each state that has enacted this compact;
- 33 (F) "National industry stakeholder" means a non-governmental organization that the compact
34 commission determines from a national perspective significantly represents one (1) or more
35 categories of participants in live racing and pari-mutuel wagering;
- 36 (G) "Participants in live racing and pari-mutuel wagering" means all persons who participate in,
37 operate, provide industry services for, or are involved with live racing and pari-mutuel
38 wagering;
- 39 (H) "State" means each of the several states of the United States, the District of Columbia, the
40 Commonwealth of Puerto Rico, and each territory or possession of the United States; and
- 41 (I) "State racing commission" means the state racing commission, or its equivalent, in each
42 member state. Where a member state has more than one (1), it shall mean all such racing
43 commissions, or their equivalents.

1 Section 3. [*Composition and meetings of compact commission.*]

2 The member states shall create and participate in a compact commission as follows:

- 3 (A) This compact shall come into force when enacted by any six (6) eligible states, and shall
4 thereafter become effective as to any other member state that enacts this compact. Any state
5 that has adopted or authorized pari-mutuel wagering or live horse or greyhound racing shall
6 be eligible to become a party to this compact. A compact rule, fee, practice, or program shall
7 not become effective in a new member state based merely upon it entering the compact.
- 8 (B) The member states hereby create the racing and wagering commission, a body corporate and
9 an interstate governmental entity of the member states, to coordinate the decision-making
10 and actions of each member state racing commission through a compact commission.
- 11 (C) The compact commission shall consist of one (1) commissioner, the chairperson of the state
12 racing commission or such person's designee, from each member state. When a
13 commissioner is not present to perform any duty in the compact commission, a designated
14 alternate may serve instead. The person who represents a member state in the compact
15 commission shall serve and perform such duties without compensation or remuneration;
16 provided that, subject to the availability of budgeted funds, each may be reimbursed for
17 ordinary and necessary costs and expenses. The designation of a commissioner, including the
18 alternate, shall be effective when written notice has been provided to the compact
19 commission. The commissioner, including the alternate, must be a member or employee of
20 the state racing commission.
- 21 (D) The compact commissioner from each state shall participate as an agent of the state racing
22 commission. Each commissioner shall have the assistance of the state racing commission in
23 regard to all decision making and actions of the state in and through the compact
24 commission.
- 25 (E) Each member state, by its commissioner, shall be entitled to one (1) vote in the compact
26 commission. A majority vote of the total number of commissioners shall be required to issue
27 or renew a license, to receive and distribute any funds, and to adopt, amend, or rescind the
28 by-laws. A compact rule, fee, practice, or program shall take effect in and for each member
29 state whose commissioner votes affirmatively to adopt it. Other compact actions shall require
30 a majority vote of the commissioners who are meeting.
- 31 (F) Meetings and votes of the compact commission may be conducted in person or by telephone
32 or other electronic communication. Meetings may be called by the chairperson of the
33 compact commission or by any two (2) commissioners. Reasonable notice of each meeting
34 shall be provided to all commissioners serving in the compact commission.
- 35 (G) No action may be taken at a compact commission meeting unless there is a quorum, which is
36 either a majority of the commissioners in the compact commission or, where applicable, all
37 the commissioners from any member states who propose or are voting affirmatively to adopt
38 a compact rule, fee, practice, or program.
- 39 (H) Once effective, the compact shall continue in force and remain binding according to its terms
40 upon each member state; provided that, a member state may withdraw from the compact by
41 repealing the statute that enacted the compact into law. The racing commission of a
42 withdrawing state shall give written notice of such withdrawal to the compact chairperson,
43 who shall notify the member state racing commissions. A withdrawing state shall remain
44 responsible for any unfulfilled obligations and liabilities. The effective date of withdrawal
45 from the compact shall be the effective date of the repeal.

1 Section 4. [*Operation of compact commission.*]

2 The compact commission is hereby granted, so that it may be an effective means to pursue and
3 achieve the purposes of each member state in this compact, the power and duty:

- 4 (A) To adopt, amend, and rescind by-laws to govern its conduct, as may be necessary or
5 appropriate to carry out the purposes of the compact; to publish them in a convenient form;
6 and to file a copy of them with the state racing commission of each member state;
- 7 (B) To elect annually from among the commissioners (including alternates) a chairperson, vice-
8 chairperson, and treasurer with such authority and duties as may be specified in the by-laws;
- 9 (C) To establish and appoint committees which it deems necessary for the carrying out of its
10 functions, including advisory committees which shall be comprised of national industry
11 stakeholders and organizations, and such other persons as may be designated in accordance
12 with the by-laws, to obtain their timely and meaningful input into the compact rule, fee,
13 practice, and program making processes;
- 14 (D) To establish an executive committee, with membership established in the by-laws, which
15 shall oversee the day-to-day activities of compact administration and management by the
16 executive director and staff; hire and fire as may be necessary after consultation with the
17 compact commission; administer and enforce compliance with the provisions, by-laws, rules,
18 fees, practices, and programs of the compact; and perform such other duties as the by-laws
19 may establish;
- 20 (E) To create, appoint, and abolish all those offices, employments, and positions, including an
21 executive director, useful to fulfill its purposes; to hire persons for them; to prescribe their
22 powers, duties, and qualifications; and to provide for their term, tenure, removal,
23 compensation, fringe and retirement benefits, and other conditions of employment;
- 24 (F) To delegate day-to-day management and administration of its duties, as needed, to an
25 executive director and support staff, such as the Association of Racing Commissioners
26 International, Inc., or its successor;
- 27 (G) To adopt an annual budget sufficient to provide for the payment of the reasonable expenses
28 of its establishment, organization, and ongoing activities. The budget shall be fully funded
29 by means established by the compact commission. A member state may choose to participate
30 in funding by means other than a compact fee or fees, in which case the compact commission
31 shall make a finding of how much the member state, including its racing and wagering, may
32 benefit from budget items (less program costs funded by user fees); and the member state
33 may provide such funding by its own means. Indivisible benefits to live racing shall be
34 allocated by proportion of annual purses. Nothing in this provision shall prevent the compact
35 commission from paying obligations accrued in a prior year or from revising its finding of
36 the benefit to a member state from the preceding year; and
- 37 (H) To provide a mediation and a binding dispute resolution service for member states who
38 decide to use them to resolve a compact dispute among each other; provided, that the design
39 and implementation of each program shall be established by compact rule making.

40
41 Section 5. [*General powers and duties.*]

42 To allow each member state, as and when it chooses, to achieve the purpose of this compact
43 through joint and cooperative action, the member states are hereby granted the power and duty,
44 by and through the compact commission:

- 1 (A) To act jointly and cooperatively to create a more equitable and uniform pari-mutuel racing
2 and wagering interstate regulatory framework, including but not limited to the adoption of
3 standardized rules of racing and equine drug regulations, closing inequalities in how
4 regulatory standards and statutory requirements apply to industry participants; improving
5 wagering monitoring and integrity; and making industry and participant information more
6 available to government officials;
- 7 (B) To collaborate with national industry stakeholders and industry organizations, such as the
8 Racing Medication and Testing Consortium, in the design and implementation of compact
9 rules, fees, practices, and programs in a manner that serves the best interests of racing;
- 10 (C) To create more uniform, effective, or efficient practices and programs, with the consent of
11 each member state that shall participate in them, relating to any part of live pari-mutuel horse
12 or greyhound racing or pari-mutuel wagering activities, whether on-track or off-track, that
13 occur in or affect a member state;
- 14 (D) To adopt compact rules, which shall have the force and effect of state rules or regulations in
15 the member states who vote to adopt them, to govern all or any part of live pari-mutuel horse
16 and greyhound racing or pari-mutuel wagering activities;
- 17 (E) To charge and collect a fee for services provided by the compact, including licensure and
18 renewal of each license applicant, and for defraying the actual cost of compact commission
19 administration, procedures, activities and programs; and
- 20 (F) To issue and renew licenses for participants in live racing and pari-mutuel wagering who are
21 found by the compact commission to have met its licensure or renewal requirements in
22 categories it chooses to license. It shall establish the term for each category, and the license
23 criteria and weight given to character and integrity information that in its judgment meet the
24 most restrictive requirements of the member states. The compact commission shall not have
25 the power or authority to deny a license. If it determines that an applicant will not be eligible,
26 it shall notify the applicant that it will not be able to process the application any further,
27 which shall not constitute and shall not be considered to be the denial of a license. Although
28 an applicant shall have the right to present further evidence and to be heard, the final
29 decision on issuance or renewal of a license shall be made by the compact commission
30 pursuant to its established requirements. The compact commission shall have the power and
31 duty to investigate license applicants and, as permitted by federal and state law, to gather
32 information, including criminal history records from the Federal Bureau of Investigation and
33 from state, local, and foreign country law enforcement agencies (including the Royal
34 Canadian Mounted Police), necessary to decide whether an applicant meets its license
35 requirements. Such criminal history record information may be received and reviewed only
36 by the officials on, and employees of, the compact commission, and that information may be
37 used only for the purposes of this compact. No such official or employee may disclose or
38 disseminate such criminal history record information to any person or entity other than
39 another official on, or employee of, the compact commission. The compact commission, its
40 employees, or its designee shall take the fingerprints of each license applicant and, pursuant
41 to Public Law 92-544 or Public Law 100-413, forward the fingerprints to a state
42 identification bureau, the Association of Racing Commissioners International (an association
43 of state officials regulating pari-mutuel wagering, designated by the Attorney General of the
44 United States), or another entity with an equivalent designation, for submission to the
45 Federal Bureau of Investigation or other receiving law enforcement agency. The compact
46 commission shall cooperate with the Interstate Compact on Licensure of Participants in Live

1 Racing with Pari-Mutuel Wagering and, if requested by that entity, assume all of its
2 licensing and employer duties and responsibilities with the authority of and pursuant to all of
3 the licensing standards, laws, rules and regulations applicable to that entity.
4

5 Section 6. [*Other powers and duties.*]

6 The compact commission may exercise such incidental powers and duties as may be necessary
7 and proper for it to function in a useful manner, including but not limited to the power and duty:

- 8 (A) To enter into contracts and agreements with governmental agencies and other persons,
9 including officers and employees of a member state, to provide personal services for its
10 activities and such other services as may be necessary;
11 (B) To borrow, accept, and contract for the services of personnel from any state, federal, or other
12 governmental agency, or from any other person or entity;
13 (C) To receive information from and to provide information to each member state racing
14 commission, including its officers and staff, on such terms and conditions as may be
15 established in the by-laws;
16 (D) To acquire, hold, and dispose of any real or personal property by gift, grant, purchase, lease,
17 license, and similar means and to receive additional funds through gifts, grants, and
18 appropriations;
19 (E) To purchase and maintain insurance and bonds, and to require others to do so;
20 (F) When authorized by a compact rule, to conduct hearings, issue subpoenas requiring the
21 attendance and testimony of witnesses and the production of evidence, and render decisions
22 and orders;
23 (G) To establish in the by-laws the requirements that shall describe and govern its duties to
24 conduct open or public meetings and to provide public access to compact records and
25 information, which shall include the exceptions established by law in one (1) or more
26 member states and shield any confidential submissions made in connection with license
27 applications; and
28 (H) To enforce compliance with the provisions, by-laws, rules, fees, practices, and programs of
29 the compact using such means as may be consistent with this compact.
30

31 Section 7. [*Compact rule making.*]

32 In the exercise of its rule making authority, the compact commission shall:

- 33 (A) Engage in formal rule making pursuant to a process that substantially conforms to the Model
34 State Administrative Procedure Act of 1981 as amended, as may be appropriate to the
35 actions and operations of the compact commission;
36 (B) Gather information and engage in discussions with advisory committees, national industry
37 stakeholders, and others to foster and conduct a collaborative approach in the design and
38 advancement of compact rules in a manner that serves the best interests of racing and as
39 established in the by-laws;
40 (C) Not publish a proposed compact rule in a member state over its objection. The affirmative
41 vote of a member state for a proposed compact rule shall be necessary and sufficient to
42 adopt, amend, or rescind a compact rule as applicable to that member state; and
43 (D) Have a standing committee that reviews at least quarterly the participation in and value of
44 compact rules and, when it determines that a revision is appropriate or when requested to by
45 any member state, submits a revising proposed compact rule. To the extent a revision would

1 only add or remove a member state or states from where a compact rule has been adopted,
2 the vote required by this section shall be required of only such state or states.
3

4 Section 8. [*Compact fees.*]

- 5 (A) The compact commission may charge and collect a fee for services provided by the compact,
6 including licensure and renewal of each license applicant, and for defraying the actual cost of
7 compact commission administration, procedures, activities, and programs; provided that
8 such latter fee or fees shall not create a disproportionate cost for any member state.
- 9 (B) Compact fees must relate to participation in live horse or greyhound racing and pari-mutuel
10 wagering activities, whether on-track or off-track, that occur in or affect a member state. No
11 fee shall be adopted except after consultation with relevant advisory committees and
12 interested national industry stakeholders.
- 13 (C) The establishment of a compact fee may include a requirement that a participant in live horse
14 or greyhound racing with pari-mutuel wagering, as a condition of continued participation,
15 collect, hold, and remit to the compact commission funds that belong to a third party, with
16 which it conducts related transactions, that is obliged to pay the compact fee.
- 17 (D) The compact commission may require fee payments to occur on a periodic basis,
18 accompanied by a sworn report attesting to accuracy and completeness, and may provide that
19 it shall have the power to examine the books and records of any persons required to pay or
20 remit it, for the purpose of ascertaining whether the proper amounts are being paid. Such
21 books and records shall not thereby be made available for public inspection.
- 22 (E) No fee shall be adopted before the completion of a period of public notice and participation
23 substantially conforming, as may be appropriate to the actions and operations of the compact
24 commission, for making rules under the Model State Administrative Procedure Act of 1981
25 as amended.
26

27 Section 9. [*Status and relationship to member states.*]

- 28 (A) The compact commission, as an interstate governmental entity, shall be exempt from all
29 taxation in and by the member states.
- 30 (B) The compact commission shall not pledge the credit of any member state except by and with
31 the appropriate legal authority of that state.
- 32 (C) The compact commission shall adopt an annual budget that is sufficient to provide for the
33 payment of the reasonable expenses of its establishment, organization, and ongoing
34 activities, and by which member states shall fully fund the compact commission by the
35 means set forth in this compact.
- 36 (D) Each member state shall reimburse or otherwise pay the expenses of its commissioner,
37 including any alternate, in the compact commission.
- 38 (E) No member state, except as provided in section 7 of this compact, shall be held liable for the
39 debts or other financial obligations incurred by the compact commission.
- 40 (F) No member state shall have, while it participates in the compact commission, any claim to or
41 ownership of any property held by or vested in the compact commission or to any compact
42 commission funds held pursuant to this compact except for state license or other fees or
43 moneys collected by the compact commission as its agent.
- 44 (G) The compact dissolves upon the date of the withdrawal of the member state that reduces
45 membership in the compact to one (1) state. Upon dissolution, the compact becomes null and
46 void and shall be of no further force or effect, although rules and programs adopted through

1 this compact shall remain rules and programs in each member state that had adopted or
2 consented to them, and the business and affairs of the racing and wagering compact shall be
3 concluded and any surplus funds shall be distributed to the former member states in
4 accordance with the by-laws.
5

6 Section 10. [*Rights and responsibilities of member states.*]

- 7 (A) Each member state in the compact shall accept the decisions, duly applicable to it, of the
8 compact commission in regard to compact rules, fees, practices, and programs, and the
9 issuance or renewal of licenses.
- 10 (B) When the compact commission determines that an application shall not be processed further,
11 the member states shall not treat this as the denial of a license or otherwise penalize the
12 applicant because of such action by the compact commission.
- 13 (C) Each member state in the compact shall have and exercise the right:
- 14 (1) To charge a fee for the use of a compact license within that member state equal to the fee
15 charged for a comparable state license;
- 16 (2) To apply its own standards and procedures to determine whether the use of a compact
17 commission license should be suspended or revoked in its jurisdiction;
- 18 (3) To apply its own standards for licensure or renewal of state applicants who do not meet
19 the licensure requirements of the compact commission, who are within a category of
20 participants in racing and wagering that the compact commission does not license, or who
21 apply to the member state for a state license; and
- 22 (4) To apply its own standards and procedures, except as may be provided by rule, to
23 determine whether a participant in live racing or pari-mutuel wagering has violated any
24 rule or regulation in its jurisdiction and to impose an appropriate penalty.
- 25 (D) Each member state racing commission shall promptly notify the compact commission, or its
26 designee, whenever the member state has adjudged a violation of any state or compact rule
27 and imposed a suspension or revocation upon a compact commission licensee.
- 28 (E) All departments, agencies, bodies, officers, and employees of each member state and its
29 political subdivisions are authorized to cooperate with the compact commission and shall
30 take all necessary and appropriate action, such as to publish proposed and adopted rules in
31 state registries and administrative codes, to effectuate and in furtherance of compact duties or
32 actions that may affect the state.
- 33 (F) This compact shall not be construed to diminish or limit the powers and responsibilities of
34 the member state racing commission, or to invalidate any action it has previously taken,
35 except to the extent it has, by its compact commissioner, expressed its consent to a specific
36 rule or other action of the compact commission. The compact commissioner from each state
37 shall serve as the agent of the state racing commission and shall possess substantial racing
38 and wagering knowledge and experience as a regulator or participant in the racing and
39 wagering industry in order to participate effectively in compact rule making.
40

41 Section 11. [*Enforcement of compact.*]

- 42 (A) Any member state in the compact and the compact commission may initiate legal action in
43 the United States District Court, in any federal district where the compact commission has an
44 office, to enforce compliance by any member state or the compact commission with the
45 compact provisions, by-laws, fees, findings, practices, and programs.

- 1 (B) Any member state in the compact and the compact commission may initiate legal action, in
2 any state or federal court, to enforce the compact provisions, fees, practices, and programs
3 against any person, including a non-member state or political subdivision. Member states
4 that benefit from the compact commission, its employees, or one of its provisions, by-laws,
5 fees, findings, practices, or programs shall provide or share in the cost of legal services to
6 defend or uphold them.
- 7 (C) The compact commission shall have standing to intervene in any legal action that pertains to
8 the subject matter of the compact and might affect its powers, duties, or actions.
- 9 (D) The courts and executive in each member state shall enforce the compact and take all actions
10 necessary and appropriate to effectuate its purposes and intent. Compact provisions, by-laws,
11 and rules shall be received by all judges, departments, agencies, bodies, and officers of each
12 member state and its political subdivisions as evidence of them.
- 13 (E) The compact commission may require, from the date a compact fee was required to be paid,
14 interest not to exceed the rate of one percent (1%) per month and a penalty not to exceed five
15 percent (5%). The compact commission may, if it determines that any fees received by it
16 were paid in error, and provided that an application for it is filed with the compact
17 commission within one (1) year from the time the erroneous payment is made, correct the
18 error by a refund, without interest, including from other collected fees.
- 19 (F) The compact commission, if it determines that a payment or report is in error, may make a
20 finding that fixes the correct amount of the fee. It must issue the finding within three (3)
21 years from when a fee or report was due or filed. The finding shall be final and conclusive
22 unless an application for a hearing is filed by the subject within thirty (30) days. The action
23 of the compact commission in making a final finding, after a hearing, shall be reviewable in
24 state court as provided in this compact.

25
26 Section 12. [*Legal actions against compact.*]

- 27 (A) Any person may commence a claim, action, or proceeding against the compact commission
28 in state court for damages or to challenge a compact rule, fee, practice, or program that is
29 duly applicable to that state. The compact commission shall have the benefit of the same
30 limits of liability, defenses, rights to indemnity and defense by the state, and other legal
31 rights and defenses for non-compact matters of the state racing commission in the state. All
32 legal rights and defenses that arise from this compact shall also be available to the compact
33 commission.
- 34 (B) A compact commissioner, alternate, or other member or employee of a state racing
35 commission who undertakes compact activities or duties does so in the course of business of
36 their state racing commission, and shall have the benefit of the same limits of liability,
37 defenses, rights to indemnity and defense by the state, and other legal rights and defenses for
38 non-compact matters of state employees in their state. The executive director and other
39 employees of the compact commission shall have the benefit of these same legal rights and
40 defenses of state employees in the member state in which they are primarily employed. All
41 legal rights and defenses that arise from this compact shall also be available to them.
- 42 (C) Each member state shall be liable for and pay judgments filed against the compact
43 commission to the extent related to its participation in the compact. Where liability arises
44 from action undertaken jointly with other member states, the liability shall be divided
45 equally among the states for whom the applicable rule, fee, practice, program, or action or
46 omission of the executive director or other employees of the compact commission was

1 undertaken; and no member state shall contribute to or pay, or be jointly or severally or
2 otherwise liable for, any part of any judgment beyond its share as determined in accordance
3 with this section.
4

5 Section 13. [*Restrictions on authority.*]

6 (A) Notwithstanding anything to the contrary herein, the compact commission shall not adopt
7 any practice, program, or rule that may change [Kentucky] requirements governing the
8 amount and distribution of the takeout, retention, or breakages on intrastate wagers or that
9 imposes licensure requirements for non-racing or non-wagering employees of any racetrack
10 or off-site wagering facility operating wholly within the state.

11 (B) [Kentucky] state laws applicable to pari-mutuel racing and wagering shall remain in full
12 force and effect.

13 (C) Notwithstanding anything to the contrary herein, no fee except for services provided by the
14 compact commission shall be adopted by the compact commission in [Kentucky] without the
15 prior consent of any horsemen (as expressed by their recognized horsemen's organization)
16 licensed by the state racing commission who, or any franchised or state racing commission
17 licensed racing corporation that, would be obliged to pay the fee.
18

19 Section 14. [*Construction, saving and severability.*]

20 (A) This compact shall be liberally construed so as to effectuate its purposes. The provisions of
21 this compact shall be severable and if any phrase, clause, sentence, or provision of this
22 compact is declared to be contrary to the Constitution of the United States or of any member
23 state, or the applicability of this compact to any government, agency, person, or
24 circumstance is held invalid, the validity of the remainder of this compact and its
25 applicability to any government, agency, person, or circumstance shall not be affected. If all
26 or some portion of this compact is held to be contrary to the constitution of any member
27 state, the compact shall remain in full force and effect as to the remaining member states and
28 in full force and effect as to the state affected as to all severable matters.

29 (B) In the event of any allegation, finding, or ruling against the compact or its procedures or
30 actions, provided that a member state has followed the compact's stated procedures, any rule
31 it purported to adopt using the procedures of this statute shall constitute a duly adopted and
32 valid state rule, and any program that it purported to create or agree to using the procedures
33 of this statute shall constitute a duly made and valid state program and multilateral
34 agreement with the other consenting member states.
35

36 Section 15. [*Effectiveness.*]

37 This Act shall only take effect with respect to any compacting state which has enacted an
38 interstate compact entitled "Interstate Racing and Wagering Compact" and having an identical
39 effect to that added by section 1 of this Act upon the enactment into law by at least six (6)
40 eligible states, but if such states have already enacted such legislation, this Act shall take effect
41 immediately; provided, however, that the provisions of section 1 of this Act shall expire upon
42 reduction of the membership in such compact to one (1) state.

1 Section 16. *[Administrative review.]*

- 2 (1) Each proposed compact rule under consideration for adoption in [Kentucky] shall be
3 forwarded to the [Administrative Regulation Review Subcommittee (“ARRS”)] and the
4 subcommittee or standing committee of appropriate jurisdiction over the subject matter of the
5 proposed compact rule ("subject matter committee") by the [Kentucky] compact
6 commissioner for review when a rule is initially proposed and, if a rule is substantially
7 modified during the compact commission rule-making process, when the rule is modified.
- 8 (2) Each proposed compact rule adopted by the compact commission and upon which the
9 [Kentucky] compact commissioner has voted in favor shall be forwarded to the [ARRS] and
10 the subject matter committee simultaneously by the [Kentucky] compact commissioner for
11 review within sixty (60) days after adoption.
- 12 (3) Upon receipt of a proposed, modified, or adopted compact rule, the [ARRS] and subject
13 matter committee shall review the rule and may forward their respective findings to the
14 [Kentucky] compact commissioner in writing within ten (10) calendar days.

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