

1 AN ACT relating to mental health and making an appropriation therefor.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 210 IS CREATED TO
4 READ AS FOLLOWS:

5 *As used in Sections 1 to 5 of this Act:*

- 6 *(1) "9-8-8 Crisis Hotline Center" means a state-identified and funded center*
7 *participating in the National Suicide Prevention Lifeline network to respond to*
8 *statewide or regional 9-8-8 calls;*
- 9 *(2) "9-8-8 crisis system" means a system that provides the end user of a service*
10 *connection to a crisis hotline center by using the telephone digits 9-8-8, directs*
11 *emergency calls to the appropriate crisis hotline center based on the geographic*
12 *location from which the call originated, and provides the capability for automatic*
13 *number identification and automatic location identification features in*
14 *accordance with the Federal Communications Commission;*
- 15 *(3) "9-8-8 hotline" means the universal telephone number for the national suicide*
16 *prevention and mental health crisis hotline system;*
- 17 *(4) "Board" means the Kentucky 9-8-8 Services Board established in Section 3 of*
18 *this Act;*
- 19 *(5) "Cabinet" means Cabinet for Health and Family Services;*
- 20 *(6) "National Suicide Prevention Lifeline" or "NSPL" means the national network*
21 *of local crisis centers which provides free and confidential emotional support to*
22 *people in suicidal crisis and which require certification and evidence-based*
23 *training for all staff and volunteers who provide management of calls;*
- 24 *(7) "SAMHSA" means the Substance Abuse and Mental Health Services*
25 *Administration; and*
- 26 *(8) "Veterans crisis line" or "VCL" means the veterans crisis line maintained by the*
27 *Secretary of Veterans Affairs under section 38 U.S.C. 1720F(h).*

1 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 210 IS CREATED TO
2 READ AS FOLLOWS:

3 (1) The cabinet shall designate crisis hotline centers to provide crisis intervention
4 services and crisis care coordination to individuals contacting the 9-8-8 hotline
5 from any jurisdiction within the Commonwealth twenty-four (24) hours a day
6 and seven (7) days a week.

7 (2) Crisis hotline centers shall:

8 (a) Have an active agreement with the administrator of the NSPL for
9 participation within the network;

10 (b) Meet NSPL requirements and best practices guidelines for operational and
11 clinical standards;

12 (c) Report and participate in evaluations and related quality improvement
13 activities;

14 (d) Use technology, including text-based communication platforms including
15 but not limited to text messaging and instant messaging, that are
16 interoperable across emergency response systems used throughout
17 Kentucky;

18 (e) Deploy crisis and outgoing services, including mobile crisis teams, and
19 coordinate access to crisis receiving and stabilization services or other local
20 resources as appropriate and according to guidelines and best practices
21 established by the NSPL;

22 (f) Meet the requirements set forth by NSPL for serving high-risk and
23 specialized populations as identified by SAMHSA, including training
24 requirements and policies for transferring hotline callers to an appropriate
25 specialized center or subnetworks within, or external to, the NSPL network;

26 (g) Provide follow-up services to individuals accessing the 9-8-8 hotline
27 consistent with guidance and policies established by the NSPL; and

- 1 (h) Report to the cabinet as required by contract:
- 2 1. The general topic of calls;
- 3 2. County of residence of callers; and
- 4 3. Demographic information of callers.
- 5 (3) The cabinet shall work in concert with the NSPL and VCL networks for the
- 6 purposes of ensuring consistency of public messaging about 9-8-8 services.
- 7 (4) The cabinet shall annually submit a report to the General Assembly and
- 8 SAMHSA on the usage and services of crisis hotline centers by December 1.
- 9 (5) The cabinet shall promulgate administrative regulations under KRS Chapter 13A
- 10 to establish and maintain crisis hotline centers.

11 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 210 IS CREATED TO

12 READ AS FOLLOWS:

- 13 (1) There is hereby created the Kentucky 9-8-8 Services Board consisting of seven (7)
- 14 members:
- 15 (a) The secretary of the cabinet or designee;
- 16 (b) The commissioner of the Department of Veterans' Affairs or designee;
- 17 (c) The state suicide prevention coordinator of the Department for Behavioral
- 18 Health, Developmental and Intellectual Disabilities;
- 19 (d) One (1) firefighter or law enforcement officer who has completed crisis
- 20 intervention team training established in KRS 210.365 designated by the
- 21 Kentucky Fire Commission;
- 22 (e) One (1) sheriff appointed by the Kentucky Sheriffs' Association;
- 23 (f) One (1) elected city official of a city government appointed by the Kentucky
- 24 League of Cities; and
- 25 (g) One (1) elected county official of a county government appointed by the
- 26 Kentucky Association of Counties;
- 27 (2) The secretary of the cabinet, the commissioner of the Department of Veterans'

1 Affairs, and the state suicide prevention coordinator shall serve by virtue of their
2 offices. The members appointed under subsection (1)(d) to (g) of this section shall
3 be appointed for a term of four (4) years and until their successors are appointed
4 and qualified. Members appointed under subsection (1)(e) to (g) of this section
5 may only serve as long as the appointee holds the office or position he or she held
6 at the time of his or her appointment. Any vacancy on the board shall be filled in
7 the same manner as the original appointment and shall be for the remainder of
8 the unexpired term.

9 (3) No member of the board shall be held to be a public officer by reason of
10 membership on the board. Members appointed under subsection (1)(e) to (g) of
11 this section shall each serve on the board in an ex officio voting capacity by virtue
12 of their respective elected offices as long as they continue to occupy their local
13 elected positions during their term as a board member. Their duties as members
14 of the board shall be an extension of their duties as local elected officials and
15 their service on the board shall not constitute the holding of a separate and
16 distinct public office apart from their respective local elected positions.

17 (4) The secretary of the cabinet or designee shall serve as chair and preside over
18 meetings of the board, which shall be conducted at least four (4) times each year.
19 In the absence of the secretary of the cabinet or designee, the board may be
20 chaired by any other member of the board selected by the remaining members.
21 The board shall be subject to the provisions of the Kentucky Open Meetings Act,
22 KRS 61.805 to 61.850. The board shall establish a regular meeting schedule for
23 each calendar year. The board shall hold at least two (2) meetings per calendar
24 year in Kentucky congressional districts other than the one in which Frankfort is
25 located, and shall rotate its traveling meeting locations among the congressional
26 districts before holding another traveling meeting in the same congressional
27 district. A majority of the members appointed to the board shall constitute a

1 quorum.

2 (5) The cabinet shall provide staff services, office space, and other resources
3 necessary to conduct its affairs. The board shall be attached to the Cabinet for
4 administrative purposes but shall operate as an independent entity within state
5 government.

6 (6) The board members shall serve without compensation but shall be reimbursed in
7 accordance with KRS 45.101 for expenses incurred in connection with their
8 official duties as members of the board.

9 (7) All administrative costs and expenses incurred in the operation of the board,
10 including payments under subsections (5) and (6) of this section, shall be paid as
11 reimbursement to the cabinet from the crisis fund established in Section (4) of
12 this Act. Expenses for personnel, equipment, or facilities that serve multiple
13 functions or purposes shall be prorated. Only those costs for services directly
14 involved in the coordination and administration of duties related to the 9-8-8
15 crisis system shall be eligible for payment using the crisis services fund.

16 (8) Prior to June 1 of each year, the cabinet shall submit a budget detailing all
17 projected administrative and operational expenses for the subsequent fiscal year
18 to be used by the board in establishing the board's budget for the upcoming fiscal
19 year.

20 (9) The board shall be advised by a permanent advisory council with members
21 appointed by the secretary of the cabinet. The members of the advisory council
22 shall represent the interests and goals of the 9-8-8 crisis system and shall, at a
23 minimum, include the following:

24 (a) A representative from the Mental Health America of Kentucky;

25 (b) A representative from the National Alliance on Mental Illness Kentucky or
26 an affiliate;

27 (c) A representative from the Kentucky Mental Health Coalition;

- 1 (d) A representative from the Kentucky chapter of the American Foundation
 2 for Suicide Prevention;
- 3 (e) A representative from the Suicide Prevention Consortium of Kentucky;
- 4 (f) A representative from the Tragedy Assistance Program for Survivors;
- 5 (g) Representatives of two (2) Community Mental Health Centers, one (1) from
 6 a county in the Eastern Time Zone and one (1) from a county in the Central
 7 Time Zone, appointed for two (2) year terms, then rotated to other
 8 Community Mental Health Center representatives; and
- 9 (h) An individual with lived experience of suicidal intent nominated by the
 10 Kentucky chapter of the American Foundation for Suicide Prevention.

11 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 210 IS CREATED TO
 12 READ AS FOLLOWS:

- 13 (1) There is hereby created a restricted fund to be known as the crisis fund.
- 14 (2) The fund shall consist of moneys from:
- 15 (a) The 9-8-8 service charge assessed on users pursuant to Section 6 of this
 16 Act;
- 17 (b) Appropriations made by the General Assembly;
- 18 (c) Grants and gifts intended for deposit in the fund;
- 19 (d) Interest, premiums, gains, or other earnings; and
- 20 (e) Money from any other source that is deposited in or transferred to the fund.
- 21 (3) The fund shall be administered by the cabinet.
- 22 (4) Amounts deposited into the fund shall only be used for the operation and
 23 administration of 9-8-8 crisis hotline centers and their wraparound services as
 24 described in Sections 2 and 3 of this Act.
- 25 (5) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
 26 year shall not lapse but shall be carried forward to the next fiscal year.
- 27 (6) Any interest earnings of the fund shall become a part of the fund and shall not

1 lapse.

2 (7) Moneys deposited in the fund are hereby appropriated for the purposes set forth
 3 in this section and shall not be appropriated or transferred by the General
 4 Assembly for any other purposes.

5 (8) The cabinet shall annually submit a report to the Interim Joint Committee on
 6 Health and Family Services and the Federal Communications Commission on
 7 the crisis fund deposits and expenditures by December 1.

8 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
 9 READ AS FOLLOWS:

10 As used in Sections 5 to 8 of this Act:

11 (1) "Board" has the same meaning as in Section 1 of this Act;

12 (2) "Department" means the Department of Revenue;

13 (3) "Fund" means the crisis fund established in Section 4 of this Act;

14 (4) "9-8-8 service charge" means the charge imposed on telecommunications service
 15 under Section 6 of this Act;

16 (5) "Purchaser" means a person who purchases telecommunications service in a
 17 retail transaction;

18 (6) "Retail transaction" means the purchase of telecommunications service on
 19 which the taxes imposed in KRS 65.760, KRS 65.7634, or Section 6 of this Act
 20 may be applied; and

21 (7) "Retailer" means a person who sells telecommunications service in a retail
 22 transaction to any person for a purpose other than resale.

23 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
 24 READ AS FOLLOWS:

25 (1) Beginning January 1, 2023, a 9-8-8 service charge shall be imposed at a flat rate
 26 of seventy cents (\$0.70) on each retail transaction involving the purchase or sale
 27 of:

- 1 (a) Cellular phones preloaded with a set dollar amount for minutes or units of
2 air time, or sold with rebates for air time;
- 3 (b) Calling cards for cellular phones preloaded with a set dollar amount for
4 minutes or units or air time;
- 5 (c) The recharging of a reusable cellular phone calling card;
- 6 (d) The recharging of a cellular phone itself with additional minutes or units of
7 air time;
- 8 (e) Any prepaid wireless telecommunications service;
- 9 (f) Any postpaid wireless telecommunications service;
- 10 (g) An individual exchange-line, limited to a maximum of twenty-five (25)
11 exchange lines per account per government entity;
- 12 (h) Any private commercial telephone service that provides local and 9-8-8
13 crisis service to subscribers for compensation, on the same basis as the
14 primary local exchange carrier; and
- 15 (i) Any provider of interconnected VOIP local and 9-8-8 emergency services to
16 subscribers for compensation.
- 17 (2) The 9-8-8 service charge imposed by subsection (1) of this section shall be
18 collected by the retailer from the purchaser at the time of purchase for each
19 purchase sourced to this state as provided in Section 10 of this Act. The amount
20 of the 9-8-8 service charge shall be either separately stated on an invoice, receipt,
21 or other similar document that is provided to the purchaser by the retailer, or
22 otherwise disclosed to the purchaser.
- 23 (3) The 9-8-8 service charge shall be paid by the purchaser and shall not constitute a
24 liability of the retailer or of any telecommunications service provider.
- 25 (4) All amounts collected by the retailer shall be deemed to be held in trust by the
26 retailer for and on account of the Commonwealth, shall constitute a debt of the
27 retailer to the Commonwealth, and shall be remitted to the department as

1 provided in Sections 5 to 8, 9, 10, and 11 of this Act.

2 (5) The 9-8-8 service charge amount collected by a retailer from a purchaser shall
3 not be included in the base for measuring any tax, fee, surcharge, or other charge
4 that is imposed by the state, any political subdivision of the state, or any
5 intergovernmental agency if the amount is separately stated on an invoice,
6 receipt, or a similar document provided to the consumer by the retailer.

7 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
8 READ AS FOLLOWS:

9 (1) The department shall collect the 9-8-8 service charge and deposit the revenues
10 into the crisis fund as provided in this section.

11 (2) As soon as practicable after each return required by Section 8 of this Act is
12 received, the department may examine and audit the return. If the amount due as
13 computed by the department is greater than the amount remitted by the retailer,
14 the difference shall be assessed by the department on behalf of the board within
15 four (4) years from the date prescribed by law for filing of the return, except as
16 provided in this section. A notice of assessment shall be mailed to the retailer.

17 (3) In case of a failure to file a return or the filing of a fraudulent return, the
18 resulting arrearage may be assessed by the department at any time.

19 (4) A retailer may request a review of an action of the department and shall have the
20 rights of protest and appeal as set forth in KRS 131.110.

21 (5) The department shall administer Sections 5 to 8 of this Act, and shall have all of
22 necessary powers, rights, duties, and authority with respect to the assessment,
23 collection, and administration of the 9-8-8 service charge.

24 (6) Any 9-8-8 service charges not paid on or before the due date shall bear interest at
25 the interest rate established by KRS 131.183 from the date due until the date of
26 payment.

27 (7) KRS 131.180 shall apply to the 9-8-8 service charge for the purposes of assessing

1 and imposing penalties.

2 (8) The board shall fully cooperate with the department and shall provide the
 3 department with any information requested to carry out these Sections 5 to 8 of
 4 this Act.

5 (9) The 9-8-8 service charge imposed and collected pursuant to Section 6 of this Act
 6 may be refunded or credited as provided in KRS 134.580 in the case of over
 7 payment or payment when no fee was due.

8 (10) The department shall deposit the amounts remitted to it by retailers as required by
 9 Section 8 of this Act to the fund on a monthly basis.

10 (11) The department shall provide a monthly report of receipts from the 9-8-8 service
 11 charge to the board.

12 (12) Moneys held by the department prior to their transfer to the board shall not be
 13 considered property of the Commonwealth and shall not be subject to
 14 appropriation by the General Assembly. Such moneys shall not be:

15 (a) Loaned to the Commonwealth or to any instrumentality or agency thereof;

16 (b) Subject to transfer to the Commonwealth or any agency or instrumentality
 17 thereof, except for purposes specifically authorized by this section; or

18 (c) Expended for any purpose other than a purpose authorized by Sections 2 to
 19 4 of this Act.

20 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
 21 READ AS FOLLOWS:

22 (1) A retailer shall collect the 9-8-8 service charge from a purchaser pursuant to
 23 Section 6 of this Act, and shall remit the amounts collected to the department on
 24 a monthly basis, on or before the twentieth day of the next calendar month.

25 (2) The 9-8-8 service charge collected by the retailer from any purchaser shall:

26 (a) Be deemed to be held in trust by the retailer for and on account of the
 27 Commonwealth; and

- 1 (b) Constitute a debt of the retailer to the Commonwealth.
- 2 (3) On or before the twentieth day of the month, each retailer shall file a return for
 3 the preceding month with the department in a form prescribed by the department,
 4 together with payment of any 9-8-8 service charges collected during the preceding
 5 month.
- 6 (4) The return shall be signed by the person required to file the return or a duly
 7 authorized agent.
- 8 (5) Each retailer shall keep records, receipts, invoices, and other pertinent papers in
 9 the form that the department requires.
- 10 (6) Each retailer who files the returns required by this section shall keep records for
 11 not less than four (4) years from the making of the records, unless the
 12 department in writing authorizes their destruction at an earlier date.

13 ➔Section 9. KRS 65.7627 is amended to read as follows:

14 There is established the commercial mobile radio service emergency telecommunications
 15 fund, the "CMRS fund," an insured, interest-bearing account to be administered and
 16 maintained by the Kentucky 911 Services Board. The CMRS service charges levied under
 17 KRS 65.7629, 65.7634, and 65.7636 shall generate revenue equitably from prepaid and
 18 postpaid CMRS connections within the boundaries of the Commonwealth. No charges
 19 other than the CMRS service charges levied under KRS 65.7629, 65.7634,~~and~~ 65.7636,
 20 and Section 6 of this Act are authorized to be levied by any person or entity for providing
 21 wireless service. All revenues collected under ~~{KRS 65.7635 and }~~KRS 65.7634,
 22 65.7635, 65.7636, and 142.100 to 142.135 shall be deposited directly into the fund, and
 23 the board shall direct disbursements from the fund according to the provisions of KRS
 24 65.7631. Moneys in the CMRS fund shall not be the property of the Commonwealth and
 25 shall not be subject to appropriation by the General Assembly. Moneys deposited or to be
 26 deposited into the CMRS fund shall not:

- 27 (1) Be loaned to the Commonwealth or to any instrumentality or agency thereof;

- 1 (2) Be subject to transfer to the Commonwealth or any agency or instrumentality
2 thereof, except for purposes specifically authorized by KRS 65.7621 to 65.7643; or
3 (3) Be expended for any purpose other than a purpose authorized by KRS 65.7621
4 to 65.7643.

5 ➔Section 10. KRS 139.105 is amended to read as follows:

- 6 (1) (a) For purposes of the retailer's obligation to pay or collect and remit the taxes
7 imposed by KRS 65.7634, 139.200,~~and~~ 139.310, **and Section 6 of this Act,**
8 the retailer shall source retail sales not addressed in subsections (2), (3), and
9 (4) of this section as follows:
- 10 1. Over the counter. When the purchaser receives tangible personal
11 property, digital property, or service at a business location of the retailer,
12 the sale is sourced to that business location;
 - 13 2. Delivery to a specified address. When a purchaser or purchaser's donee
14 receives tangible personal property, digital property, or service at a
15 location specified by the purchaser, the sale is sourced to that location;
16 or
 - 17 3. Address unknown. When the retailer of a product does not know the
18 address where the tangible personal property, digital property, or service
19 is received, the sale is sourced to the first address listed in this paragraph
20 that is known to the retailer:
 - 21 a. The address of the purchaser;
 - 22 b. The billing address of the purchaser;
 - 23 c. The address of the purchaser's payment instrument; or
 - 24 d. The address from which the tangible personal property was
25 shipped; from which the computer software delivered
26 electronically or the digital property transferred electronically was
27 first available for transmission by the retailer; or from which the

1 service was provided, disregarding for these purposes any location
2 that merely provided the actual digital transfer of the product sold.

3 (b) Nothing included in this subsection shall affect the obligation of a purchaser
4 to remit use tax pursuant to KRS 139.310.

5 (2) The retailer shall source communications services as follows:

6 (a) A sale of mobile telecommunications services, other than air-ground
7 radiotelephone service and prepaid wireless calling service, shall be sourced to
8 the customer's or other purchaser's place of primary use;

9 (b) A sale of postpaid calling service shall be sourced to the origination point of
10 the telecommunications signal as first identified by either the retailer's
11 telecommunications system or information received by the retailer from its
12 service provider, where the system used to transport the signals is not that of
13 the retailer;

14 (c) A sale of prepaid calling service or a sale of a prepaid wireless calling service
15 shall be sourced according to the provisions of subsection (1) of this section.
16 If the sale is of a prepaid wireless calling service and the retailer does not
17 know the address where the service is received, the sale shall be sourced to the
18 first of the following that is known by the retailer:

- 19 1. The address of the customer available from the business records of the
20 retailer;
- 21 2. The billing address of the customer;
- 22 3. The address from which the service was provided; or
- 23 4. The location associated with the mobile telephone number;

24 (d) A sale of a private communications service shall be sourced as follows:

- 25 1. Service for a separate charge related to a customer channel termination
26 point shall be sourced to each level of jurisdiction in which the customer
27 channel termination point is located.

- 1 2. Service where all customer termination points are located entirely within
2 one (1) jurisdiction or levels of jurisdiction is sourced in the jurisdiction
3 in which the customer channel termination points are located.
- 4 3. Service for segments of a channel between two (2) customer channel
5 termination points located in different jurisdictions and which segments
6 of channel are separately charged shall be sourced fifty percent (50%) in
7 each level of jurisdiction in which the customer channel termination
8 points are located.
- 9 4. Service for segments of a channel located in more than one (1)
10 jurisdiction or levels of jurisdiction and which segments are not
11 separately billed shall be sourced in each jurisdiction based on the
12 percentage determined by dividing the number of customer channel
13 termination points in the jurisdiction by the total number of customer
14 channel termination points;
- 15 (e) A sale of an ancillary service is sourced to the customer's place of primary
16 use; and
- 17 (f) A sale of other communications services:
- 18 1. Sold on a call-by-call basis shall be sourced based on the taxing
19 jurisdiction where the call either originates or terminates and in which
20 the service address is also located; or
- 21 2. Sold on a basis other than a call-by-call basis shall be sourced to the
22 customer's or other purchaser's place of primary use.
- 23 (3) Florist wire sales shall be sourced in accordance with an administrative regulation
24 promulgated by the department.
- 25 (4) Advertising and promotional direct mail and other direct mail shall be sourced as
26 provided in KRS 139.777.
- 27 ➔Section 11. KRS 139.470 is amended to read as follows:

1 There are excluded from the computation of the amount of taxes imposed by this chapter:

2 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this
3 state of, tangible personal property or digital property which this state is prohibited
4 from taxing under the Constitution or laws of the United States, or under the
5 Constitution of this state;

6 (2) Gross receipts from sales of, and the storage, use, or other consumption in this state
7 of:

8 (a) Nonreturnable and returnable containers when sold without the contents to
9 persons who place the contents in the container and sell the contents together
10 with the container; and

11 (b) Returnable containers when sold with the contents in connection with a retail
12 sale of the contents or when resold for refilling;

13 As used in this section the term "returnable containers" means containers of a kind
14 customarily returned by the buyer of the contents for reuse. All other containers are
15 "nonreturnable containers";

16 (3) Gross receipts from occasional sales of tangible personal property or digital
17 property and the storage, use, or other consumption in this state of tangible personal
18 property or digital property, the transfer of which to the purchaser is an occasional
19 sale;

20 (4) Gross receipts from sales of tangible personal property to a common carrier,
21 shipped by the retailer via the purchasing carrier under a bill of lading, whether the
22 freight is paid in advance or the shipment is made freight charges collect, to a point
23 outside this state and the property is actually transported to the out-of-state
24 destination for use by the carrier in the conduct of its business as a common carrier;

25 (5) Gross receipts from sales of tangible personal property sold through coin-operated
26 bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the
27 retailer is primarily engaged in making the sales and maintains records satisfactory

1 to the department. As used in this subsection, "bulk vending machine" means a
2 vending machine containing unsorted merchandise which, upon insertion of a coin,
3 dispenses the same in approximately equal portions, at random and without
4 selection by the customer;

5 (6) Gross receipts from sales to any cabinet, department, bureau, commission, board, or
6 other statutory or constitutional agency of the state and gross receipts from sales to
7 counties, cities, or special districts as defined in KRS 65.005. This exemption shall
8 apply only to purchases of tangible personal property, digital property, or services
9 for use solely in the government function. A purchaser not qualifying as a
10 governmental agency or unit shall not be entitled to the exemption even though the
11 purchaser may be the recipient of public funds or grants;

12 (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky
13 residents for use in heating, water heating, cooking, lighting, and other
14 residential uses. As used in this subsection, "fuel" shall include but not be
15 limited to natural gas, electricity, fuel oil, bottled gas, coal, coke, and wood.
16 Determinations of eligibility for the exemption shall be made by the
17 department;

18 (b) In making the determinations of eligibility, the department shall exempt from
19 taxation all gross receipts derived from sales:

- 20 1. Classified as "residential" by a utility company as defined by applicable
21 tariffs filed with and accepted by the Public Service Commission;
- 22 2. Classified as "residential" by a municipally owned electric distributor
23 which purchases its power at wholesale from the Tennessee Valley
24 Authority;
- 25 3. Classified as "residential" by the governing body of a municipally owned
26 electric distributor which does not purchase its power from the
27 Tennessee Valley Authority, if the "residential" classification is

1 reasonably consistent with the definitions of "residential" contained in
2 tariff filings accepted and approved by the Public Service Commission
3 with respect to utilities which are subject to Public Service Commission
4 regulation.

5 If the service is classified as residential, use other than for "residential"
6 purposes by the customer shall not negate the exemption;

7 (c) The exemption shall not apply if charges for sewer service, water, and fuel are
8 billed to an owner or operator of a multi-unit residential rental facility or
9 mobile home and recreational vehicle park other than residential
10 classification; and

11 (d) The exemption shall apply also to residential property which may be held by
12 legal or equitable title, by the entireties, jointly, in common, as a
13 condominium, or indirectly by the stock ownership or membership
14 representing the owner's or member's proprietary interest in a corporation
15 owning a fee or a leasehold initially in excess of ninety-eight (98) years;

16 (8) Gross receipts from sales to an out-of-state agency, organization, or institution
17 exempt from sales and use tax in its state of residence when that agency,
18 organization, or institution gives proof of its tax-exempt status to the retailer and the
19 retailer maintains a file of the proof;

20 (9) (a) Gross receipts derived from the sale of tangible personal property, as provided
21 in paragraph (b) of this subsection, to a manufacturer or industrial processor if
22 the property is to be directly used in the manufacturing or industrial
23 processing process of:

- 24 1. Tangible personal property at a plant facility;
- 25 2. Distilled spirits or wine at a plant facility or on the premises of a
26 distiller, rectifier, winery, or small farm winery licensed under KRS
27 243.030 that includes a retail establishment on the premises; or

- 1 3. Malt beverages at a plant facility or on the premises of a brewer or
2 microbrewery licensed under KRS 243.040 that includes a retail
3 establishment;
4 and which will be for sale.
- 5 (b) The following tangible personal property shall qualify for exemption under
6 this subsection:
- 7 1. Materials which enter into and become an ingredient or component part
8 of the manufactured product;
- 9 2. Other tangible personal property which is directly used in the
10 manufacturing or industrial processing process, if the property has a
11 useful life of less than one (1) year. Specifically these items are
12 categorized as follows:
- 13 a. Materials. This refers to the raw materials which become an
14 ingredient or component part of supplies or industrial tools exempt
15 under subdivisions b. and c. below;
- 16 b. Supplies. This category includes supplies such as lubricating and
17 compounding oils, grease, machine waste, abrasives, chemicals,
18 solvents, fluxes, anodes, filtering materials, fire brick, catalysts,
19 dyes, refrigerants, and explosives. The supplies indicated above
20 need not come in direct contact with a manufactured product to be
21 exempt. "Supplies" does not include repair, replacement, or spare
22 parts of any kind; and
- 23 c. Industrial tools. This group is limited to hand tools such as jigs,
24 dies, drills, cutters, rolls, reamers, chucks, saws, and spray guns
25 and to tools attached to a machine such as molds, grinding balls,
26 grinding wheels, dies, bits, and cutting blades. Normally, for
27 industrial tools to be considered directly used in the manufacturing

1 or industrial processing process, they shall come into direct contact
2 with the product being manufactured or processed; and

3 3. Materials and supplies that are not reusable in the same manufacturing
4 or industrial processing process at the completion of a single
5 manufacturing or processing cycle. A single manufacturing cycle shall
6 be considered to be the period elapsing from the time the raw materials
7 enter into the manufacturing process until the finished product emerges
8 at the end of the manufacturing process.

9 (c) The property described in paragraph (b) of this subsection shall be regarded as
10 having been purchased for resale.

11 (d) For purposes of this subsection, a manufacturer or industrial processor
12 includes an individual or business entity that performs only part of the
13 manufacturing or industrial processing activity, and the person or business
14 entity need not take title to tangible personal property that is incorporated into,
15 or becomes the product of, the activity.

16 (e) The exemption provided in this subsection does not include repair,
17 replacement, or spare parts;

18 (10) Any water use fee paid or passed through to the Kentucky River Authority by
19 facilities using water from the Kentucky River basin to the Kentucky River
20 Authority in accordance with KRS 151.700 to 151.730 and administrative
21 regulations promulgated by the authority;

22 (11) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage,
23 use, or other consumption outside this state and delivered by the retailer's own
24 vehicle to a location outside this state, or delivered to the United States Postal
25 Service, a common carrier, or a contract carrier for delivery outside this state,
26 regardless of whether the carrier is selected by the purchaser or retailer or an agent
27 or representative of the purchaser or retailer, or whether the F.O.B. is retailer's

1 shipping point or purchaser's destination.

2 (a) As used in this subsection:

3 1. "Catalogs" means tangible personal property that is printed to the special
4 order of the purchaser and composed substantially of information
5 regarding goods and services offered for sale; and

6 2. "Newspaper inserts" means printed materials that are placed in or
7 distributed with a newspaper of general circulation.

8 (b) The retailer shall be responsible for establishing that delivery was made to a
9 non-Kentucky location through shipping documents or other credible evidence
10 as determined by the department;

11 (12) Gross receipts from the sale of water used in the raising of equine as a business;

12 (13) Gross receipts from the sale of metal retail fixtures manufactured in this state and
13 purchased for storage, use, or other consumption outside this state and delivered by
14 the retailer's own vehicle to a location outside this state, or delivered to the United
15 States Postal Service, a common carrier, or a contract carrier for delivery outside
16 this state, regardless of whether the carrier is selected by the purchaser or retailer or
17 an agent or representative of the purchaser or retailer, or whether the F.O.B. is the
18 retailer's shipping point or the purchaser's destination.

19 (a) As used in this subsection, "metal retail fixtures" means check stands and
20 belted and nonbelted checkout counters, whether made in bulk or pursuant to
21 specific purchaser specifications, that are to be used directly by the purchaser
22 or to be distributed by the purchaser.

23 (b) The retailer shall be responsible for establishing that delivery was made to a
24 non-Kentucky location through shipping documents or other credible evidence
25 as determined by the department;

26 (14) Gross receipts from the sale of unenriched or enriched uranium purchased for
27 ultimate storage, use, or other consumption outside this state and delivered to a

1 common carrier in this state for delivery outside this state, regardless of whether the
2 carrier is selected by the purchaser or retailer, or is an agent or representative of the
3 purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or
4 purchaser's destination;

5 (15) Amounts received from a tobacco buydown. As used in this subsection, "buydown"
6 means an agreement whereby an amount, whether paid in money, credit, or
7 otherwise, is received by a retailer from a manufacturer or wholesaler based upon
8 the quantity and unit price of tobacco products sold at retail that requires the retailer
9 to reduce the selling price of the product to the purchaser without the use of a
10 manufacturer's or wholesaler's coupon or redemption certificate;

11 (16) Gross receipts from the sale of tangible personal property or digital property
12 returned by a purchaser when the full sales price is refunded either in cash or credit.
13 This exclusion shall not apply if the purchaser, in order to obtain the refund, is
14 required to purchase other tangible personal property or digital property at a price
15 greater than the amount charged for the property that is returned;

16 (17) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS
17 Chapter 138;

18 (18) The amount of any tax imposed by the United States upon or with respect to retail
19 sales, whether imposed on the retailer or the consumer, not including any
20 manufacturer's excise or import duty;

21 (19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which
22 is:

23 (a) Sold to a Kentucky resident, registered for use on the public highways, and
24 upon which any applicable tax levied by KRS 138.460 has been paid; or

25 (b) Sold to a nonresident of Kentucky if the nonresident registers the motor
26 vehicle in a state that:

27 1. Allows residents of Kentucky to purchase motor vehicles without

- 1 payment of that state's sales tax at the time of sale; or
- 2 2. Allows residents of Kentucky to remove the vehicle from that state
- 3 within a specific period for subsequent registration and use in Kentucky
- 4 without payment of that state's sales tax;
- 5 (20) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and
- 6 trailer as defined in KRS 189.010(17);
- 7 (21) Gross receipts from the collection of:
- 8 (a) Any fee or charge levied by a local government pursuant to KRS 65.760;
- 9 (b) The charge imposed by KRS 65.7629(3);
- 10 (c) The fee imposed by KRS 65.7634;~~and~~
- 11 (d) The service charge imposed by KRS 65.7636; ***and***
- 12 ***(e) The 9-8-8 service charge imposed by Section 6 of this Act;***
- 13 (22) Gross receipts derived from charges for labor or services to apply, install, repair, or
- 14 maintain tangible personal property directly used in manufacturing or industrial
- 15 processing process of:
- 16 (a) Tangible personal property at a plant facility;
- 17 (b) Distilled spirits or wine at a plant facility or on the premises of a distiller,
- 18 rectifier, winery, or small farm winery licensed under KRS 243.030; or
- 19 (c) Malt beverages at a plant facility or on the premises of a brewer or
- 20 microbrewery licensed under KRS 243.040
- 21 that is not otherwise exempt under subsection (9) of this section or KRS
- 22 139.480(10), if the charges for labor or services are separately stated on the invoice,
- 23 bill of sale, or similar document given to purchaser;
- 24 (23) (a) For persons selling services included in KRS 139.200(2)(g) to (q) prior to
- 25 January 1, 2019, gross receipts derived from the sale of those services if the
- 26 gross receipts were less than six thousand dollars (\$6,000) during calendar
- 27 year 2018. When gross receipts from these services exceed six thousand

1 dollars (\$6,000) in a calendar year:

2 1. All gross receipts over six thousand dollars (\$6,000) are taxable in that
3 calendar year; and

4 2. All gross receipts are subject to tax in subsequent calendar years.

5 (b) The exemption provided in this subsection shall not apply to a person also
6 engaged in the business of selling tangible personal property, digital property,
7 or services included in KRS 139.200(2)(a) to (f); and

8 (24) (a) For persons that first begin making sales of services included in KRS
9 139.200(2)(g) to (q) on or after January 1, 2019, gross receipts derived from
10 the sale of those services if the gross receipts are less than six thousand dollars
11 (\$6,000) within the first calendar year of operation. When gross receipts from
12 these services exceed six thousand dollars (\$6,000) in a calendar year:

13 1. All gross receipts over six thousand dollars (\$6,000) are taxable in that
14 calendar year; and

15 2. All gross receipts are subject to tax in subsequent calendar years.

16 (b) The exemption provided in this subsection shall not apply to a person that is
17 also engaged in the business of selling tangible personal property, digital
18 property, or services included in KRS 139.200(2)(a) to (f).

19 ➔Section 12. This Act takes effect January 1, 2023.