

1 AN ACT relating to the private motor vehicle rentals and making an appropriation
2 therefor.

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

4 ➔Section 1. KRS 281.010 is amended to read as follows:

5 As used in this chapter:

- 6 (1) "Automobile utility trailer" means any trailer or semitrailer designed for use with
7 and towed behind a passenger motor vehicle;
- 8 (2) "Automobile utility trailer certificate" means a certificate authorizing a person to
9 engage in the business of automobile utility trailer lessor;
- 10 (3) "Automobile utility trailer lessor" means any person operating under an automobile
11 utility trailer certificate who is engaged in the business of leasing or renting
12 automobile utility trailers, but shall not include the agents of such persons;
- 13 (4) "Broker" means a person selected by the cabinet through a request for proposal
14 process to coordinate human service transportation delivery within a specific
15 delivery area. A broker may also provide transportation services within the specific
16 delivery area for which the broker is under contract with the cabinet;
- 17 (5) "Bus" means a motor vehicle operating under a bus certificate transporting
18 passengers for hire between points over regular routes;
- 19 (6) "Bus certificate" means a certificate granting authority for the operation of one (1)
20 or more buses;
- 21 (7) "Cabinet" means the Kentucky Transportation Cabinet;
- 22 (8) "Certificate" means a certificate of compliance issued under this chapter to motor
23 carriers;
- 24 (9) "Charter bus" means a motor vehicle operating under a charter bus certificate
25 providing for-hire intrastate transportation of a group of persons who, pursuant to a
26 common purpose under a single contract at a fixed charge for the motor vehicle,
27 have acquired the exclusive use of the motor vehicle to travel together under an

- 1 itinerary either specified in advance or modified after having left the place of origin;
- 2 (10) "Charter bus certificate" means a certificate granting authority for the operation of
3 one (1) or more charter buses;
- 4 (11) "Commissioner" means the commissioner of the Department of Vehicle Regulation;
- 5 (12) "CTAC" means the Coordinated Transportation Advisory Committee created in
6 KRS 281.870;
- 7 (13) "Department" means the Department of Vehicle Regulation;
- 8 (14) "Delivery area" means one (1) or more regions established by the cabinet in
9 administrative regulations promulgated under KRS Chapter 13A for the purpose of
10 providing human service transportation delivery in that region;
- 11 (15) "Disabled persons vehicle carrier" means a motor carrier for hire, transporting
12 passengers including the general public who require transportation in disabled
13 persons vehicles;
- 14 (16) "Disabled persons vehicle" means a motor vehicle operating under a disabled
15 persons vehicle certificate especially equipped for the transportation of passengers
16 with disabilities in accordance with 49 C.F.R. pt. 38, and is designed or constructed
17 with not more than fifteen (15) regular seats. It shall not mean an ambulance as
18 defined in KRS 311A.010. It shall not mean a motor vehicle equipped with a
19 stretcher;
- 20 (17) "Disabled persons vehicle certificate" means a certificate granting authority for the
21 operation of one (1) or more disabled persons vehicles transporting passengers for
22 hire;
- 23 (18) "Driveaway" means the transporting and delivering of motor vehicles, except
24 semitrailers and trailers, whether destined to be used in either a private or for-hire
25 capacity, under their own power or by means of a full mount method, saddle mount
26 method, the tow bar method, or any combination of them over the highways of this
27 state from any point of origin to any point of destination for hire. "Driveaway" does

1 not include the transportation of such vehicles by the full mount method on trailers
2 or semitrailers;

3 (19) "Driveaway certificate" means a certificate granting authority for the operation of
4 one (1) or more motor carrier vehicles operating as a driveaway;

5 (20) "Driver" means the person physically operating the motor vehicle;

6 (21) **"Group policy" means an insurance policy issued pursuant to Section 4 of this**
7 **Act.**

8 **(22)** "Highway" means all public roads, highways, streets, and ways in this state, whether
9 within a municipality or outside of a municipality;

10 ~~**(23)**~~~~(22)~~ "Household goods" has the same meaning as in 49 C.F.R. sec. 375.103;

11 ~~**(24)**~~~~(23)~~ "Household goods carrier" has the same meaning as "household goods motor
12 carrier" in 49 C.F.R. sec. 375.103;

13 ~~**(25)**~~~~(24)~~ "Household goods certificate" means a certificate granting authority for the
14 operation of one (1) or more household goods vehicles;

15 ~~**(26)**~~~~(25)~~ "Human service transportation delivery" means the provision of transportation
16 services to any person that is an eligible recipient in one (1) of the following state
17 programs:

18 (a) Nonemergency medical transportation under KRS Chapter 205;

19 (b) Mental health, intellectual disabilities, or comprehensive care under KRS
20 Chapter 202A, 202B, 210, or 645;

21 (c) Work programs for public assistance recipients under KRS Chapter 205;

22 (d) Adult services under KRS Chapter 205, 209, 216, or 273;

23 (e) Vocational rehabilitation under KRS Chapter 151B or 157; or

24 (f) Blind industries or rehabilitation under KRS Chapter 151B or 163;

25 ~~**(27)**~~~~(26)~~ "Interstate commerce" has the same meaning as in 49 C.F.R. sec. 390.5;

26 ~~**(28)**~~~~(27)~~ "Intrastate commerce" has the same meaning as in 49 C.F.R. sec. 390.5;

27 ~~**(29)**~~~~(28)~~ "Limousine" means a motor vehicle operating under a limousine certificate

1 that is designed or constructed with not more than fifteen (15) regular seats;

2 ~~(30)~~~~(29)~~ "Limousine certificate" means a certificate granting authority for the operation
3 of one (1) or more limousines transporting passengers for hire;

4 ~~(31)~~~~(30)~~ "Mobile application" means an application or a computer program designed to
5 run on a smartphone, tablet computer, or other mobile device that is used by a TNC
6 to connect drivers with potential passengers;

7 ~~(32)~~~~(31)~~ "Motor carrier" means any person in either a private or for-hire capacity who
8 owns, controls, operates, manages, or leases, except persons leasing to authorized
9 motor carriers, any motor vehicle for the transportation of passengers or property
10 upon any highway, and any person who engages in the business of automobile
11 utility trailer lessor, driveaway, or U-Drive-It;

12 ~~(33)~~~~(32)~~ "Motor carrier vehicle" means a motor vehicle used by a motor carrier to
13 transport passengers or property;

14 ~~(34)~~~~(33)~~ "Motor carrier vehicle license" means a license issued by the department for a
15 motor carrier vehicle authorized to operate under a certificate;

16 ~~(35)~~~~(34)~~ "Motor carrier license plate" means a license plate issued by the department to
17 a motor carrier authorized to operate under a certificate other than a household
18 goods, property, TNC, or U-Drive-It certificate;

19 ~~(36)~~~~(35)~~ "Motor vehicle" means any motor-propelled vehicle used for the
20 transportation of passengers or property on a public highway, including any such
21 vehicle operated as a unit in combination with other vehicles;

22 ~~(37)~~~~(36)~~ "Passenger" means an individual or group of people;

23 ~~(38)~~~~(37)~~ "Permit" means a temporary permit of compliance issued under this chapter
24 for a specified period not to exceed ten (10) days, and for a specific vehicle, to any
25 motor carrier, including one who is a nonresident of the Commonwealth, who
26 operates a motor vehicle and is not entitled to an exemption from the payment of
27 fees imposed under KRS 186.050 because of the terms of a reciprocal agreement

1 between the Commonwealth and the state in which the vehicle is licensed;

2 ~~(39)~~~~(38)~~ "Person" means any individual, firm, partnership, corporation, company,
3 association, or joint stock association, and includes any trustee, assignee, or
4 personal representative thereof;

5 ~~(40)~~~~(39)~~ "Platoon" means a group of two (2) individual commercial motor vehicles
6 traveling in a unified manner at electronically coordinated speeds at following
7 distances that are closer than would ordinarily be allowed under KRS
8 189.340(8)(b);

9 ~~(41)~~~~(40)~~ "Prearranged ride" means the period of time that begins when a transportation
10 network company driver accepts a requested ride through a digital network or
11 mobile application, continues while the driver transports the rider in a personal
12 vehicle, and ends when the transportation network company services end;

13 **(42) "Private motor vehicle" or "PMV" means a motor vehicle as defined in KRS**
14 **186.010 that:**

15 **(a) Has a gross weight rating of ten thousand (10,000) pounds or less;**

16 **(b) Is not used for commercial purposes, including the for-hire delivery or**
17 **transportation of goods, materials, or persons;**

18 **(c) Is owned and registered in the Commonwealth to an individual and which**
19 **is required to be under a personal automobile liability insurance policy**
20 **insuring a single individual or individuals residing in the same household,**
21 **as the named insured; and**

22 **(d) Is not a motorcycle, moped, auticycle, or any vehicle with fewer than four**
23 **(4) wheels;**

24 **(43) "Private vehicle rental" or "PVR" means the use of private motor vehicles by**
25 **persons other than the vehicles' registered owners, in connection with a private**
26 **vehicle rental program;**

27 **(44) "Private vehicle rental owner" or "PVR owner" means the registered owner of a**

1 private motor vehicle available for rent through a private vehicle rental program;

2 (45) "Private vehicle rental program" or "PVRP" is any means, digital or otherwise,
3 by which a private vehicle rental is facilitated by a private vehicle rental program
4 provider;

5 (46) "Private vehicle rental program provider" or "program provider" means the
6 corporation, sole proprietorship, or other entity or person operating under a
7 private vehicle rental program provider certificate that is responsible for
8 operating, facilitating, or administering vehicle rental transactions through a
9 private vehicle rental program;

10 (47) "Private vehicle renter" or "renter" means a person, other than the private
11 vehicle rental owner, who rents the owner's vehicle through a private vehicle
12 rental program;

13 (48) "Program rental period" or "rental period" means the period of time when a
14 renter takes possession and control of a PMV available for private vehicle rental,
15 includes the time when the PMV is under the control of the program provider,
16 and continues until the following conditions are met:

17 (a) The PMV is:

- 18 1. Retrieved by the PVR owner or owner's designee;
19 2. Returned to a location agreed upon by the PVR owner and the renter;
20 or
21 3. Returned to a location designated by the program provider; and

22 (b) One (1) of the following occurs:

- 23 1. The time period established through the program expires;
24 2. The renter verifiably communicates to the program provider or PVR
25 owner that he or she deems the rental period terminated; or
26 3. The PVR owner or the program provider takes possession and control
27 of the PMV;

1 ~~(49)~~~~((41))~~ "Pre-trip acceptance liability policy" means the transportation network
2 company liability insurance coverage for incidents involving the driver for a period
3 of time when a driver is logged into a transportation network company's digital
4 network or mobile application but is not engaged in a prearranged ride;

5 ~~(50)~~~~((42))~~ "Property" means general or specific commodities, including hazardous and
6 nonhazardous materials;

7 ~~(51)~~~~((43))~~ "Property certificate" means a certificate granting authority for the
8 transportation of property, other than household goods, not exempt under KRS
9 281.605;

10 ~~(52)~~~~((44))~~ "Regular route" means the scheduled transportation of passengers between
11 designated points over designated routes under time schedules that provide a
12 regularity of services;

13 ~~(53)~~~~((45))~~ "Regular seat" means a seat ordinarily and customarily used by one (1)
14 passenger and, in determining such seating capacity, the manufacturer's rating may
15 be considered;

16 ~~(54)~~~~((46))~~ "Street hail" means a request for service made by a potential passenger using
17 hand gestures or verbal statement;

18 ~~(55)~~~~((47))~~ "Subcontractor" means a person who has signed a contract with a broker to
19 provide human service transportation delivery within a specific delivery area and
20 who meets human service transportation delivery requirements, including proper
21 operating authority;

22 ~~(56)~~~~((48))~~ "Tariff" means the listing of compensation received by a motor carrier for
23 household goods that includes the manner in which and the amount of fares an
24 authorized motor carrier may charge;

25 ~~(57)~~~~((49))~~ "Taxicab" means a motor vehicle operating under a taxicab certificate that is
26 designed or constructed with not more than eight (8) regular seats and may be
27 equipped with a taximeter;

- 1 ~~(58)~~~~(50)~~ "Taxicab certificate" means a certificate granting authority for the operation of
2 one (1) or more taxicabs transporting passengers for hire;
- 3 ~~(59)~~~~(51)~~ "Taximeter" means an instrument or device approved by the department that
4 automatically calculates and plainly indicates the charge to a passenger for hire who
5 is being charged on the basis of mileage;
- 6 ~~(60)~~~~(52)~~ "Transportation network company" or "TNC" means a person or entity that
7 connects passengers through its digital network or mobile application to its drivers
8 for the provision of transportation network company services;
- 9 ~~(61)~~~~(53)~~ "Transportation network company certificate" or "TNC certificate" means a
10 certificate granting the authority for the operation of one (1) or more transportation
11 network company vehicles transporting passengers for hire;
- 12 ~~(62)~~~~(54)~~ "Transportation network company driver" or "TNC driver" means an
13 individual who operates a motor vehicle that is owned or leased by the individual,
14 or a motor vehicle for which the driver is an insured driver and has the permission
15 of the owner or lessee of the motor vehicle, and used to provide transportation
16 network company services;
- 17 ~~(63)~~~~(55)~~ "Transportation network company service" or "TNC service" means a
18 prearranged passenger transportation service offered or provided through the use of
19 a transportation network company mobile application or digital network to connect
20 potential passengers with transportation network company drivers;
- 21 ~~(64)~~~~(56)~~ "Transportation network company vehicle" or "TNC vehicle" means a
22 privately owned or leased motor vehicle, designed or constructed with not more
23 than eight (8) regular seats, operating under a transportation network company
24 certificate;
- 25 ~~(65)~~~~(57)~~ "U-Drive-It" means any person operating under a U-Drive-It certificate who
26 leases or rents a motor vehicle for consideration to be used for the transportation of
27 persons or property, but for which no driver is furnished, and the use of which

1 motor vehicle is not for the transportation of persons or property for hire by the
 2 lessee or rentee and includes a private vehicle rental program provider;~~and~~

3 ~~(66)~~~~(58)~~ "U-Drive-It certificate" means a certificate granting authority for the operation
 4 of one (1) or more U-Drive-Its; and

5 (67) "Vehicle rental transaction" means the transfer of possession of a motor vehicle,
 6 for a consideration, without the transfer of ownership of the motor vehicle.

7 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 281 IS CREATED TO
 8 READ AS FOLLOWS:

9 (1) Vehicle rental transactions facilitated by private vehicle rental program providers
 10 shall be subject to all statutory and regulatory obligations for motor vehicle rental
 11 operating under a U-Drive-It certificate, except the tax set forth in Section 11 of
 12 this Act. Transactions facilitated by a program provider may be subject to fees set
 13 forth in Sections 9 and 10 of this Act.

14 (2) A private motor vehicle insured by its registered owner pursuant to Subtitle 39 of
 15 KRS Chapter 304 shall be classified as a U-Drive-It, but shall not be classified as
 16 a for-hire vehicle, permissive use vehicle, taxicab, or livery solely because its
 17 registered owner allows it to be used for private vehicle rental, as long as all of
 18 the following circumstances apply:

19 (a) The private vehicle rental is compliant with a private vehicle rental program
 20 as provided in this chapter;

21 (b) The PVR owner, or program provider, does not knowingly place the vehicle,
 22 or allow the vehicle to be placed, into use as a commercial vehicle, or as a
 23 vehicle for hire by a private vehicle renter, while the vehicle is utilized for
 24 private vehicle rental; and

25 (c) The number of private motor vehicles a single individual, or multiple
 26 individuals residing in the same household, has enrolled in any private
 27 vehicle rental program, or combination of private vehicle rental programs,

1 does not exceed four (4).

2 (3) An insurer may cancel or refuse coverage to an owner solely due to the number
3 of vehicles enrolled in private vehicle rental, if the number of vehicles enrolled in
4 any private rental program, or combination of programs, either by the insured, or
5 in combination with other household residents, exceeds four (4).

6 (4) A program provider shall, for each vehicle of which it facilitates the rental, do all
7 of the following:

8 (a) During the rental period for a vehicle engaged in private vehicle rental,
9 procure group insurance coverage for each vehicle and authorized driver of
10 any such vehicle. The policy shall, at a minimum, provide for each vehicle:

11 1. Coverage at least equal to the minimum financial responsibility
12 requirements for personal passenger motor vehicles of the state in
13 which the vehicle is registered; and

14 2. Coverage including comprehensive and collision protection, as further
15 described in subsections (4) and (5) of Section 4 of this Act;

16 (b) Provide the registered owner of the vehicle engaged in private vehicle rental
17 with suitable proof of compliance with the insurance requirements of this
18 section, a copy of which shall be maintained in the vehicle by the owner
19 during any time when the vehicle is operated by a renter, or person other
20 than the owner, pursuant to a private vehicle rental program;

21 (c) Not permit the vehicle to be operated for commercial use or as a vehicle for
22 hire by a renter while engaged in private vehicle rental;

23 (d) Provide each renter, for each rental transaction under the program, at the
24 time of each rental:

25 1. Access to an insurance identification card, or other documentation,
26 able to be carried in the vehicle at all times during the rental period,
27 that proves the insurance coverage referred to in paragraph (a) of this

- 1 subsection is in full force and effect; and
- 2 2. The means, via a toll free number, e-mail address, or such other form
- 3 of communication with a law enforcement police officer, a
- 4 representative of the department of motor vehicles or other officer of
- 5 the state in which the vehicle is registered or any political subdivision
- 6 thereof, to confirm in real time that insurance coverage referred to in
- 7 paragraph (a) of this subsection is in effect;
- 8 (e) Require that every vehicle made available for private vehicle rental comply
- 9 with the minimum financial responsibility requirements of the state in
- 10 which the vehicle is registered;
- 11 (f) Require that every vehicle used in a program is a private motor vehicle;
- 12 (g) Facilitate the installation, operation, and maintenance of its own signage
- 13 and computer hardware and software to the extent necessary for the vehicle
- 14 to be used in the program;
- 15 (h) Indemnify and hold harmless the PVR owner for the cost of damage or theft
- 16 of equipment installed by the program provider under paragraph (g) of this
- 17 subsection for any damage caused to the vehicle by the installation,
- 18 operation or maintenance of such equipment;
- 19 (i) Collect, maintain, and make available, to any government agency as
- 20 required by law, at the cost of the program, the PVR owner's primary motor
- 21 vehicle insurer; the renter's primary motor vehicle insurer or provider of
- 22 umbrella or excess coverage; and the following information pertaining to
- 23 incidents that occurred during any rental period:
- 24 1. Verifiable records of the rental period for each vehicle, and, to the
- 25 extent electronic equipment for monitoring the following information
- 26 is installed in the vehicle, verifiable electronic records of the time,
- 27 initial and final locations of the vehicle, and, to the extent mileage is

- 1 collected, miles driven; and
- 2 2. In instances where an insurance claim has been filed with a group
- 3 insurer, any and all information relevant to the claim, including
- 4 payments by the program provider concerning accidents, damages and
- 5 injuries;
- 6 (j) Ensure that the PVR owner and renter are given notice prior to the first use
- 7 or operation of a private motor vehicle pursuant to enrollment in a private
- 8 vehicle rental program, that:
- 9 1. During the rental period, the PVR owner's insurer may exclude any
- 10 and all coverage afforded to its policy and a PVR owner's insurer
- 11 shall have the right to notify an insured that it shall have no duty to
- 12 defend or indemnify any person or organization for liability for any
- 13 loss that occurs during the rental period; and
- 14 2. The group policy and physical damage coverage contract may not
- 15 provide coverage outside of the rental period; and
- 16 (k) Comply with all statutory and regulatory obligations for motor vehicle
- 17 rentals facilitated under a U-Drive-It certificate.

18 ➔SECTION 3. A NEW SECTION OF SUBTITLE 20 OF KRS CHAPTER 304

19 IS CREATED TO READ AS FOLLOWS:

- 20 (1) As used in this section and Section 4 of this Act, "private motor vehicle" or
- 21 "PMV," "vehicle rental transaction," "private vehicle rental" or "PVR,"
- 22 "private vehicle rental program" or "PVRP," "private vehicle rental program
- 23 provider" or "program provider," "private vehicle rental owner" or "PVR
- 24 owner," "private vehicle renter" or "renter," "program rental period" or "rental
- 25 period," and "group policy" shall have the same meaning as in Section 1 of this
- 26 Act.
- 27 (2) In the event of a loss or injury that occurs during the rental period or while the

1 private motor vehicle is otherwise under the control of a private vehicle rental
2 program provider, the program provider shall be deemed the owner of the vehicle,
3 and shall be subject to any potential liability under a respondeat superior theory
4 and such other statutes that may impose liability upon the owner of a private
5 passenger motor vehicle solely based on such ownership as if the program
6 provider were the registered owner of the vehicle. The program provider shall
7 retain any liability irrespective of a lapse in the group policy or any insurance
8 policy under which the program is insured, or whether the liability is covered
9 under the group policy or any insurance policy under which the program is
10 insured.

11 (3) A program provider's group policy shall provide coverage during the rental
12 period for an PVR owner's private motor vehicle.

13 (4) The insurer or insurers providing group policy to the private vehicle rental
14 program pursuant to subsections (1) and (4) of Section 4 of this Act shall assume
15 liability for a claim in which a dispute exists regarding who was in control of the
16 vehicle when the loss occurred giving rise to the claim, and the owner's private
17 motor vehicle insurer shall indemnify the private vehicle rental program's group
18 policy insurer or insurers, to the extent of its obligation under the applicable
19 insurance policy, if it is determined that the vehicle's owner was in control of the
20 vehicle at the time of the loss. The program shall notify the PVR owner's insurer
21 of any such dispute within ten (10) business days of becoming aware that such a
22 dispute exists.

23 (5) In the event that the owner of the vehicle or its insurer is named as a defendant
24 in a civil action for a loss or injury that occurs during any time within the rental
25 period, or otherwise under the control of a private vehicle rental program, the
26 program's group policy insurer under subsection (1) of Section 4 of this Act shall
27 have the duty to defend and indemnify the vehicle's owner and the owner's

1 insurer, subject to the provisions of subsection (4) of this section.

2 (6) While a private motor vehicle is used by a person other than its owner, pursuant
3 to private vehicle rental facilitated through a private vehicle rental program, all
4 of the following shall apply:

5 (a) The insurer of that vehicle may exclude any and all coverage for liability,
6 uninsured, underinsured, collision and comprehensive benefits, and first-
7 party benefits that may otherwise be afforded pursuant to its policy; and

8 (b) The primary insurer, and any excess insurers of the owner of the private
9 motor vehicle used in a private vehicle rental program shall have the right
10 to notify the insured that it has no duty to defend or indemnify any person
11 or organization for liability for any loss that occurs during the rental period
12 of the vehicle in a private vehicle rental program.

13 (7) Except as provided for in paragraphs (a) to (c) of this subsection, an owner's
14 motor vehicle insurance policy shall not be cancelled, voided, terminated,
15 rescinded, or non-renewed solely on the basis that the private motor vehicle has
16 been made available for private vehicle rental pursuant to a private vehicle rental
17 program that is in compliance with the provisions of this section. Provided,
18 however that:

19 (a) This subsection shall not pertain to cancellations in accordance with KRS
20 304.20-040;

21 (b) An insurer may refuse to enroll a vehicle in a usage-based insurance
22 program, where the usage-based insurance program continually monitors
23 usage electronically to determine acceleration, braking, miles driven and
24 other indicia of driving behavior, if that vehicle is used in a private vehicle
25 rental program; and

26 (c) An insurer may cancel or not renew a policy that insures a vehicle used in
27 the private vehicle rental program if that vehicle is enrolled in such a usage-

1 based insurance program. If a policy is cancelled or not renewed under this
2 paragraph, the insurer shall immediately offer the insured a new policy
3 with the same coverages and pre-existing rates, but without enrollment in
4 the usage-based insurance program.

5 ➔SECTION 4. A NEW SECTION OF SUBTITLE 20 OF KRS CHAPTER 304
6 IS CREATED TO READ AS FOLLOWS:

- 7 (1) An authorized insurer may issue a group policy for property and casualty
8 insurance to a private vehicle rental program provider to insure the private
9 vehicle rental program, and the renters, authorized drivers, and occupants of the
10 private motor vehicle, as well as the program provider, its agents, employees,
11 directors, officers, and assigns. A group policy issued under this subsection shall:
12 (a) Provide first-party coverage for liability, property, comprehensive, collision,
13 uninsured motorist, and underinsured motorist coverage for the private
14 motor vehicle and its authorized operators and occupants for claims
15 resulting from the use or operation of that vehicle during the rental period;
16 (b) With respect to the owner of the private motor vehicle, be deemed secondary
17 coverage to any other insurance coverage available;
18 (c) With respect to any renter, authorized or permissive operator, and
19 occupants of the private motor vehicle, be deemed secondary to any other
20 insurance coverage available;
21 (d) Provide coverage, without prior notice to the insurer, for all private vehicle
22 rentals during the rental period; and
23 (e) Include a provision that the vehicles' renters, authorized or permissive
24 operators, and occupants are included as insureds under the policy to the
25 same extent that they would be insureds under a private passenger motor
26 vehicle policy issued pursuant to Subtitle 39 of this chapter.
27 (2) An insurer issuing an insurance policy under subsection (1) of this section shall:

- 1 (a) Comply with Subtitle 39 of this chapter;
- 2 (b) Notwithstanding Subtitle 13 of this chapter, file rates and any supplemental
- 3 materials for the policy with the Department of Insurance on a file and use
- 4 basis; and
- 5 (c) Issue the policy identifying the private vehicle rental program and program
- 6 provider as the named insureds.
- 7 (3) A program provider may contractually assume the risk of physical damage loss to
- 8 private motor vehicles during the time that the vehicles are in the custody of the
- 9 private vehicle renter or private vehicle rental program provider; and
- 10 (a) Such assumption of risk of physical damage loss to the vehicle shall not be
- 11 deemed to be insurance; and
- 12 (b) A program provider may offer optional vehicle protection.
- 13 (4) An authorized insurer may issue a group policy of physical damage insurance to
- 14 a private vehicle rental program and to the owners of vehicles participating in
- 15 that program to insure against physical damage to private motor vehicles while
- 16 the vehicles are in the custody of the private vehicle rental program or private
- 17 vehicle renter. Any policy issued under this subsection shall provide secondary
- 18 collision coverage, comprehensive coverage, or both to the vehicle while it is in
- 19 the custody of the private vehicle rental program or a private vehicle renter.
- 20 (5) If a group policy issued under subsection (4) of this section is placed with an
- 21 eligible nonadmitted insurer under Subtitle 10 of this chapter, compliance with
- 22 the surplus line statutes and regulations of this state shall be performed with
- 23 respect to the group as a whole and not with respect to individual group members.
- 24 (6) When an insurer issues a group policy under subsection (4) of this section, the
- 25 policy shall:
- 26 (a) Identify the private vehicle rental program as the named insured;
- 27 (b) Provide secondary coverage, without prior notice to the insurer, for all

- 1 private motor vehicles during the rental period;
 2 (c) Include a provision that claims will be adjusted pursuant to KRS 304.12-
 3 230; and
 4 (d) Provide physical damage coverage for damage to the owner's vehicle
 5 incurred during the rental period at a level no less than that of third-party
 6 physical damage coverage.

- 7 (7) A group policy issued under subsection (4) of this section shall only be issued in
 8 accordance with the provisions of this section.

9 ➔SECTION 5. A NEW SECTION OF SUBTITLE 39 OF KRS CHAPTER 304
 10 IS CREATED TO READ AS FOLLOWS:

- 11 (1) As used in this section, "private motor vehicle" or "PMV," "vehicle rental
 12 transaction," "private vehicle rental" or "PVR," "private vehicle rental
 13 program" or "PVRP," "private vehicle rental program provider" or "program
 14 provider," "private vehicle rental owner" or "PVR owner," "private vehicle
 15 renter" or "renter," "program rental period" or "rental period," and "group
 16 policy" shall have the same meaning as in Section 1 of this Act.

- 17 (2) For a private motor vehicle that is used in connection with a private vehicle
 18 rental program, the insurance requirements set forth in in this subtitle shall be
 19 met by a group insurance policy issued pursuant to Section 4 of this Act to a
 20 program provider for the private vehicle renters and authorized or permissive
 21 drivers of that program for any time that the private motor vehicle is being used
 22 in connection with the private vehicle rental program.

- 23 (3) In the case of financial security procured by a program provider of a private
 24 vehicle rental program as set forth in Section 4 of this Act, the program provider
 25 shall provide the commissioner with proof of financial security in the form of a
 26 group insurance policy covering itself and the owners of all private motor
 27 vehicles registered in this state that participate in the program as insured group

1 members, covering those vehicles while they are being used in conjunction with
2 that program. The proof shall not be used in connection with the registration of
3 the vehicles and no such vehicle shall be registered unless the owner of the
4 vehicle separately complies with the requirements of this subtitle.

5 ➔Section 6. KRS 281.630 is amended to read as follows:

- 6 (1) A person shall not act as a motor carrier without first obtaining a certificate from
7 the department.
- 8 (2) A certificate for the intrastate transportation of passengers or property, including
9 household goods, shall be issued to any qualified applicant authorizing operation
10 covered by the application, if it is found that the applicant conforms to the
11 provisions of this chapter and the requirements of the administrative regulations
12 promulgated in accordance with this section.
- 13 (3) (a) The department shall issue the following certificates:
- 14 1. Taxicab certificate;
- 15 2. Limousine certificate;
- 16 3. Disabled persons vehicle certificate;
- 17 4. Transportation network company certificate;
- 18 5. Household goods certificate;
- 19 6. Charter bus certificate;
- 20 7. Bus certificate;
- 21 8. U-Drive-It certificate;
- 22 9. Property certificate;
- 23 10. Driveaway certificate; and
- 24 11. Automobile utility trailer certificate.
- 25 (b) Application for a certificate shall be made in such form as the department may
26 require. The department shall receive an application fee of two hundred fifty
27 dollars (\$250) for all applications, except that the department shall receive an

1 application fee of twenty-five dollars (\$25) for a property certificate.

2 (c) Before the department may issue a certificate, an applicant shall:

3 1. Pay the application fee established under paragraph (b) of this
4 subsection;

5 2. For entities other than TNCs, file a motor carrier vehicle license
6 application for each motor carrier vehicle as required by KRS 281.631.

7 The applicant shall file at least one (1) motor carrier vehicle license
8 application before being eligible for a certificate;

9 3. For TNCs, file a TNC authority application with the department
10 pursuant to administrative regulations promulgated by the department;

11 4. File with the department one (1) or more approved indemnifying bonds
12 or insurance policies as required by KRS 281.655;

13 5. For taxicab, limousine, disabled persons vehicle, TNC, household
14 goods, charter bus, and bus certificates, obtain and retain for a period of
15 at least three (3) years, a nationwide criminal background check, in
16 compliance with KRS 281.6301, of each owner, official, employee,
17 independent contractor, or agent operating a passenger vehicle or
18 household goods vehicle or entering a private residence or storage
19 facility for the purpose of providing or facilitating the transportation of
20 household goods;

21 6. For household goods certificates, file with the department a current
22 tariff; and

23 7. For a bus certificate, file with the department authorization from a city
24 as required by KRS 281.635.

25 (4) (a) Every certificate shall be renewed annually. Application for renewal shall be
26 in such form as the department may require.

27 (b) A certificate not renewed within one (1) calendar year after the date for its

1 renewal shall become null and void.

2 (c) The department shall not renew any certificate if it has been revoked or, if
3 suspended, during the period of any suspension. A certificate shall not be
4 considered revoked or suspended when an appeal of the revocation or
5 suspension is pending in a court of competent jurisdiction.

6 (d) For the renewal of an intrastate certificate, the department shall receive a fee
7 of two hundred fifty dollars (\$250), except for an application for renewal of a
8 property certificate, for which the department shall receive a fee of twenty-
9 five dollars (\$25).

10 (e) Before the department may renew a certificate, the certificate holder shall:

- 11 1. Pay the renewal fee established under paragraph (d) of this subsection;
- 12 2. For the entities other than TNCs, file a motor carrier vehicle license
13 application or renewal for each motor carrier vehicle as required by KRS
14 281.631. The certificate holder shall file at least one (1) motor carrier
15 vehicle license application or renewal before being eligible for renewal;
- 16 3. For TNCs, file a TNC authority application with the department
17 pursuant to administrative regulations promulgated by the department;
- 18 4. File with the department one (1) or more approved indemnifying bonds
19 or insurance policies as required by KRS 281.655;
- 20 5. Every three (3) years, for taxicab, limousine, disabled persons vehicle,
21 TNC, household goods, charter bus, and bus certificates, obtain and
22 retain for a period of at least three (3) years, a nationwide criminal
23 background check in compliance with KRS 281.6301, of each owner,
24 official, employee, independent contractor, or agent operating a
25 passenger vehicle or entering a private residence or storage facility for
26 the purpose of providing or facilitating the transportation of household
27 goods. However, within the three (3) year period:

- 1 a. If a new owner, official, employee, independent contractor, or
2 agent joins the certificate holder and performs the aforementioned
3 duties; or
- 4 b. If the certificate holder has knowledge that a current owner,
5 official, employee, independent contractor, or agent who performs
6 the aforementioned duties has been convicted of or pled guilty to
7 any of the offenses listed in KRS 281.6301(2);
8 then the certificate holder shall obtain and retain for a period of at least
9 three (3) years, a nationwide criminal background check for that owner,
10 official, employee, independent contractor, or agent; and
- 11 6. For household goods certificates, have on file with the department a
12 current tariff.
- 13 (5) (a) A motor carrier operating under a household goods certificate shall, at all
14 times the certificate is in effect, maintain on file with the department a current
15 tariff.
- 16 (b) Except for a household goods certificate holder that has had only an out-of-
17 state address on file with the department prior to January 1, 2015, all
18 certificate holders shall maintain on file with the department an address within
19 the Commonwealth. The certificate holder shall keep open for public
20 inspection at that address such information as the department may require.
- 21 (c) The certificate holder shall not charge, demand, collect, or receive a greater,
22 less, or different compensation for the transportation of household goods or
23 for any service in connection therewith, than the tariff filed with the
24 department and in effect at the time would require. A certificate holder shall
25 not make or give any unreasonable preference or advantage to any person, or
26 subject any person to any unreasonable discrimination.
- 27 (6) A certificate shall not be transferred unless the transfer involves either the change of

1 the legal name of the existing certificate holder or the incorporation of a sole
2 proprietor certificate holder.

3 (7) A certificate authorizing a person to act as an automobile utility trailer lessor shall
4 also authorize the agents of the person to act on his or her behalf during the period
5 of their agency.

6 (8) A motor carrier vehicle shall not be operated after the expiration of the certificate
7 under which it is operated.

8 (9) A person shall not knowingly employ the services of a motor carrier not authorized
9 to perform such services.

10 (10) If the department, after a hearing held upon its own motion or upon complaint, finds
11 any existing rate unjustly discriminatory, or finds the services rendered or facilities
12 employed by any motor carrier to be unsafe, inadequate, inconvenient, or in
13 violation of law or of the administrative regulations of the department, it may by
14 final order do any or all of the following:

15 (a) Require the certificate holder to follow any rate or time schedule in effect at
16 the time of service;

17 (b) Require the certificate holder to issue a refund to the complainant;

18 (c) Require the certificate holder to pay the fine set out in KRS 281.990 to the
19 department; and

20 (d) Determine the reasonable, safe, adequate, and convenient service to be
21 thereafter furnished.

22 (11) Hearings conducted under authority of this section shall be conducted in the same
23 manner as provided in KRS 281.640.

24 (12) (a) The department shall have the power to promulgate administrative regulations
25 as it may deem necessary to carry out the provisions of this section.

26 (b) The department shall promulgate administrative regulations to carry out the
27 provisions of this section regarding U-Drive-Its, including private vehicle

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rental program providers.

➔Section 7. KRS 281.655 is amended to read as follows:

(1) Before any certificate will be issued or renewed, the applicant or holder of the certificate shall file or shall have on file with the department one (1) or more approved indemnifying bonds or insurance policies issued by some surety company or insurance carrier authorized to transact business within the Commonwealth of Kentucky. The term of each bond or policy shall be continuous and shall remain in full force until canceled under proper notice. Each bond or policy shall have attached thereto the state insurance endorsement. All bonds or policies required under this section shall be issued in the name of the holder of the certificate. In lieu of the bonds or policies, the department, under appropriate regulations, may require the filing of one (1) or more approved certificates of insurance, the terms of which shall be continuous and shall remain in force and effect until canceled under proper notice.

(2) *Except for a private vehicle rental program provider,* the bonds or policies required of a U-Drive-It or automobile utility trailer lessor shall provide public liability and property damage coverage when operated either by the lessee or lessor thereof or agents, servants, or employees of either.

(3) All bonds or policies shall provide blanket coverage for all equipment operated pursuant to the certificate or permit.

(4) *Except for a private vehicle rental program providers as addressed under subsection (13) of this section,* the types and minimum amounts of insurance to be carried on each vehicle shall be as follows:

MOTOR VEHICLES FOR THE TRANSPORTATION OF PERSONS,
INCLUDING U-DRIVE-ITS *WHICH ARE NOT PRIVATE VEHICLE RENTAL PROGRAM PROVIDERS*

Death of Total Liability

1			or Injury	for Death
2			to Any One	of or Injury Property
3	Capacity		Person	to Persons Damage
4	7 regular seats	\$100,000.00	\$300,000.00	\$50,000.00
5	8 or more regular seats	\$100,000.00	\$600,000.00	\$50,000.00

6 MOTOR VEHICLES FOR THE TRANSPORTATION OF PROPERTY,
7 INCLUDING U-DRIVE-ITS **WHICH ARE NOT PRIVATE VEHICLE RENTAL**
8 **PROGRAM PROVIDERS** AND AUTOMOBILE UTILITY
9 TRAILERS

10			Death of	Total Liability
11			or Injury	for Death
12			to Any One	of or Injury Property
13	Gross Weight	Person	to Persons	Damage
14	18,000 lbs. or less	\$100,000.00	\$300,000.00	\$50,000.00
15	More than 18,000 lbs.	\$100,000.00	\$600,000.00	\$50,000.00

16 (5) Any person, firm, or corporation operating or causing to be operated any vehicle for
17 the transportation of petroleum or petroleum products in bulk in amounts less than
18 ten thousand (10,000) pounds shall have the following types and minimum amount
19 of insurance carried on each vehicle:

20		Death of	Total Liability	
21		or Injury	for Death	
22		to Any One	of or Injury to	Property
23		Person	Persons	Damage
24		\$100,000.00	\$300,000.00	\$50,000.00

25 (6) Any person, firm, or corporation operating or causing to be operated any vehicle for
26 the transportation of hazardous material as defined in KRS 174.405, except
27 petroleum or petroleum products in bulk in amounts less than ten thousand (10,000)

1 pounds, shall have on each vehicle single limits liability insurance coverage of not
2 less than one million dollars (\$1,000,000) for all damages whether arising out of
3 bodily injury or damage to property as a result of any one (1) accident or
4 occurrence.

5 (7) Before any household goods certificate shall be issued or renewed, the applicant or
6 certificate holder shall file or have on file with the department an approved
7 insurance policy or bond compensating shippers or consignees for loss or damage to
8 property belonging to shippers or consignees and coming into possession of the
9 carrier in connection with its transportation service in the amounts required by 49
10 C.F.R. sec. 387.303(c) for interstate household goods motor carriers. The policy or
11 bond shall have attached thereto the Kentucky cargo policy endorsement and shall
12 be issued by some insurance or surety company authorized to transact business
13 within the Commonwealth of Kentucky. The term of the bond or policy shall be
14 continuous and shall remain in full force until canceled under proper notice. In lieu
15 of the bond or policy, the department, under appropriate regulations, may require
16 the filing of an approved certificate of insurance, the term of which shall be
17 continuous and shall remain in force and effect until canceled under proper notice.

18 (8) No insurance company or insurance carrier issuing any policy filed with the
19 department, and no surety or obligor on any bond or contract filed with the
20 department, shall be relieved from liability under the policy, bond, or contract until
21 after the expiration of thirty (30) days' notice to the department of an intention to
22 cancel the policy, bond, or contract. A prior cancellation may be allowed in cases
23 where one (1) policy, bond, or contract is substituted for another policy, bond, or
24 contract if the substituted policy, bond, or contract is of force and effect at a time
25 prior to the expiration of thirty (30) days' notice to the department of an intention to
26 cancel the policy, bond, or contract for which the additional policy, bond, or
27 contract is being substituted. The acceptance of any notice of an intention to cancel

1 any policy, bond, or contract or the cancellation of any policy, bond, or contract by
2 the department, unless under the circumstances set forth, shall not relieve the
3 insurance company, insurance carrier, surety, or obligor of any liability that accrued
4 prior to the effective date of the cancellation.

5 (9) Upon the cancellation of any bond or insurance policy required by this section, all
6 operating rights granted by the certificate for which the bond or policy was filed,
7 shall immediately cease, and the department may immediately require the cessation
8 of all operations conducted under authority of the certificate, and may require the
9 immediate surrender of all certificates, licenses, and other evidence of a right to act
10 as a motor carrier.

11 (10) The department may exempt in whole or in part from the requirements of this
12 section any person who applies for the exemption and shows to the satisfaction of
13 the department that, by reason of the financial ability of the person applying, there is
14 due assurance of the payment of all damages for which he or she may become liable
15 as a result of the operation of any vehicle owned by him or her or operated under
16 authority of his or her certificate.

17 (11) The provisions of this section notwithstanding, the Secretary of Transportation may
18 adopt, incorporate by reference, or set forth in its entirety the provisions of Title 49,
19 United States Code of Federal Regulations, Part 387, relating to the levels of
20 financial responsibility for motor carriers, in effect as of June 24, 2015, or as
21 amended after that date, with respect to any motor carrier operating in Kentucky.

22 (12) The cabinet shall promulgate administrative regulations to set standards for pre-trip
23 acceptance liability policies and prearranged ride liability insurance policies for
24 transportation network company vehicles. The minimum amount of insurance for
25 pre-trip acceptance liability policies shall be fifty thousand dollars (\$50,000) for
26 death and personal injury to one (1) person, one hundred thousand dollars
27 (\$100,000) for death and personal injury resulting from one (1) incident, and

1 twenty-five thousand dollars (\$25,000) for property damage. The minimum amount
 2 of insurance for prearranged ride liability policies shall be the same as for motor
 3 vehicles for the transportation of persons under subsection (4) of this section. Pre-
 4 trip acceptance liability policies and prearranged ride liability policies may be
 5 issued by an eligible surplus lines insurer.

6 **(13) For private vehicle rental program providers, the insurance requirements of this**
 7 **section shall be satisfied by obtaining insurance coverage under Sections 3 and 4**
 8 **of this Act.**

9 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 281 IS CREATED TO
 10 READ AS FOLLOWS:

11 **(1) Any notice or disclosure required to be provided, delivered, posted, or otherwise**
 12 **made available by a U-Drive-It, including a private vehicle rental program**
 13 **provider, as defined in Section 1 of this Act, shall also be deemed timely and**
 14 **effectively made where such notice or disclosure is:**

15 **(a) Provided or delivered electronically at or before the time required; or**

16 **(b) Included in a member or master agreement in effect at the time of rental.**

17 **(2) For the purposes of this section, a "member or master agreement" shall include**
 18 **but not be limited to any service offered by a company that permits customers to**
 19 **bypass a retail service location and obtain a product or service directly:**

20 **(a) Where the U-Drive-It does not require the renter to execute a rental**
 21 **agreement at the time of rental; or**

22 **(b) Where the renter does not receive the rental terms and conditions at the**
 23 **time of rental.**

24 **(3) Electronic or written acceptance shall hereby be deemed a valid form of**
 25 **acceptance of any such notice or disclosure, and acceptance shall remain**
 26 **effective until such time as any such acceptance is affirmatively withdrawn by the**
 27 **renter. Notices and disclosures made pursuant to this section shall be exempt**

1 from any placement or stylistic display requirements, including but not limited to
 2 location, font size, typeset, or other specifically-stated description; provided the
 3 disclosures are generally consistent in appearance with the entirety of the
 4 communication in which it is contained.

5 (4) In the event a U-Drive-It, including a private vehicle rental program provider,
 6 facilitates rentals via digital, electronic, or other means that allow customers to
 7 obtain possession of a vehicle without in-person contact with an agent or
 8 employee of the U-Drive-It, or where the renter does not execute a rental contract
 9 at the time of rental, the U-Drive-It shall be deemed to have met all obligations to
 10 physically inspect and compare a renter's driver license when the provider:

11 (a) At the time a renter enrolls, or any time thereafter, in a membership
 12 program, master agreement, or other means of establishing use of the U-
 13 Drive-It's services, requires verification that the renter is a licensed driver;
 14 or

15 (b) Prior to the renter taking possession of the rental vehicle, the U-Drive-It
 16 requires documentation that verifies the renter's identity.

17 ➔Section 9. KRS 68.200 is amended to read as follows:

18 (1) As used in this section, unless the context clearly indicates otherwise:

19 (a) Motor vehicle means "vehicle" as defined in KRS 186.010(8)(a);

20 (b) Retailer means "retailer" as defined in KRS 139.010;~~and~~

21 (c) Gross rental charge means "gross rental charge" as defined in KRS 138.462;

22 and

23 (d) "Private vehicle rentals" and "private vehicle rental program providers"
 24 shall have the same meaning as in Section 1 of this Act.

25 (2) A county containing a designated city, consolidated local government, or urban-
 26 county government may levy a license fee on the rental of motor vehicles by a U-
 27 Drive-It, including private vehicle rentals facilitated by private vehicle rental

1 program providers, which shall not exceed three percent (3%) of the gross rental
2 charges from rental agreements for periods of thirty (30) days or less. The license
3 fee shall apply to retailers who receive more than seventy-five percent (75%) of
4 their gross revenues generated in the county from gross rental charges. Any license
5 fee levied pursuant to this subsection shall be collected by the retailer from the
6 renters of the motor vehicles.

7 (3) Revenues from rental of motor vehicles shall not be included in the gross rental
8 charges on which the license fee is based if:

9 (a) The declared gross weight of the motor vehicle exceeds eleven thousand
10 (11,000) pounds; or

11 (b) The rental is part of the services provided by a funeral director for a funeral;
12 or

13 (c) The rental is exempted from the state sales and use tax pursuant to KRS
14 139.470.

15 (4) A fiscal court or the legislative body of an urban-county government shall provide
16 for collection of the license fee in the ordinance by which the license fee is levied.
17 The revenues shall be deposited in an account to be known as the motor vehicle
18 license fee account. The revenues may be shared among local governments pursuant
19 to KRS 65.210 to 65.300.

20 (5) The county shall use the proceeds of the license fee for economic development
21 activities. It shall distribute semiannually, by June 30 and December 31, all
22 revenues not shared pursuant to KRS 65.210 to 65.300, to one (1) or more of the
23 following entities if it has established, or contracted with, the entity for the purposes
24 of economic development and is satisfied that the entity is promoting satisfactorily
25 the county's economic development activities:

26 (a) A riverport authority established by the county pursuant to KRS 65.520; or

27 (b) An industrial development authority established by the county pursuant to

1 KRS 154.50-316; or

2 (c) A nonprofit corporation as defined in KRS 273.161(4) which has been
3 organized for the purpose of promoting economic development.

4 The entity shall make a written request for funds from the motor vehicle license fee
5 account by May 31 and November 30, respectively.

6 (6) (a) As used in this section, "designated city" means a city on the registry
7 maintained by the Department for Local Government under this subsection.

8 (b) On or before January 1, 2015, the Department for Local Government shall
9 create and maintain a registry of cities that, as of August 1, 2014, were
10 classified as cities of the first, second, and third class. The Department for
11 Local Government shall make the information included on the registry
12 available to the public by publishing it on its Web site.

13 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
14 READ AS FOLLOWS:

15 **(1) A private vehicle rental program provider, as defined under Section 1 of this Act,**
16 **which is a holder of a certificate as required under Section 6 of this Act to**
17 **operate as a U-Drive-It, as defined in Section 1 of this Act, shall pay a six percent**
18 **(6%) transaction fee for each vehicle rental transaction.**

19 **(2) The transaction fee imposed by subsection (1) of this section shall be:**

20 **(a) Levied upon the amount of the gross rental or lease charges paid by a**
21 **customer or lessee renting or leasing a motor vehicle from the private**
22 **vehicle rental program provider; and**

23 **(b) Administered and collected in the same time and manner as the usage tax**
24 **levied under Section 11 of this Act.**

25 **(3) Revenues generated from collection of the transaction fee imposed by subsection**
26 **(1) of this section shall be deposited into the Commonwealth of Kentucky's road**
27 **fund.**

1 ➔Section 11. KRS 138.463 is amended to read as follows:

- 2 (1) A holder of a certificate as required under KRS 281.630 to operate as a U-Drive-It
3 as defined in KRS 281.010 may pay the usage tax as provided in KRS 138.460 or,
4 subject to the provisions of this section, may pay a usage tax of six percent (6%)
5 levied upon the amount of the gross rental or lease charges paid by a customer or
6 lessee renting or leasing a motor vehicle from such holder of the certificate.
- 7 (2) (a) The provisions of KRS 138.462 and this section shall apply to all rental and
8 leasehold contracts entered into after March 9, 1990.
- 9 (b) *Vehicle rental transactions facilitated by private vehicle rental program*
10 *providers that are required to pay a transaction fee imposed under Section*
11 *10 of this Act shall not be subject to the usage tax imposed by this section.*
- 12 (3) A holder of a certificate shall pay the usage tax as provided in KRS 138.460 unless
13 he shows to the satisfaction of the cabinet that he is regularly engaged in the renting
14 or leasing of motor vehicles to retail customers as a part of an established business.
15 The issuance of a U-Drive-It certificate under the provisions of KRS Chapter 281
16 shall create a rebuttable presumption that the holder of a certificate is regularly
17 engaged in renting or leasing. Persons first engaging in the renting or leasing of
18 motor vehicles to retail customers shall, in addition to obtaining a certificate
19 required under KRS 281.630, demonstrate to the satisfaction of the cabinet that they
20 are prepared to qualify under the standards set forth in this subsection.
- 21 (4) In the event the holder of such certificate qualifies under subsection (3) of this
22 section and elects to pay the usage tax by the alternate method as provided in
23 subsection (1) of this section, or is required by subsection (8) of this section to pay
24 by the alternate method, he shall pay the fee imposed by KRS 281.631(3) and in
25 addition shall pay the monthly tax authorized by subsection (1) of this section.
- 26 (5) The tax authorized by subsection (1) of this section shall be the direct obligation of
27 the holder of the certificate but it may be charged to and collected from the

1 customer in addition to the rental or lease charges. The tax due shall be remitted to
2 the cabinet each month on forms and pursuant to regulations promulgated by the
3 cabinet.

4 (6) (a) As soon as practicable after each return is received, the cabinet shall examine
5 and audit it. If the amount of tax computed by the cabinet is greater than the
6 amount returned by the taxpayer, the excess shall be assessed by the cabinet
7 within four (4) years from the date the return was filed, except as provided in
8 paragraph (c) of this subsection, and except that in the case of a failure to file
9 a return or of a fraudulent return the excess may be assessed at any time. A
10 notice of such assessment shall be mailed to the taxpayer. The time~~[herein]~~
11 provided **under this paragraph** may be extended by agreement between the
12 taxpayer and the cabinet.

13 (b) For the purpose of paragraphs (a) and (c) of this subsection, a return filed
14 before the last day prescribed by law for the filing thereof shall be considered
15 as filed on ~~the~~**such** last day.

16 (c) Notwithstanding the four (4) year time limitation of paragraph (a) of this
17 subsection, in the case of a return where the tax computed by the cabinet is
18 greater by twenty-five percent (25%) or more than the amount returned by the
19 taxpayer, the excess shall be assessed by the cabinet within six (6) years from
20 the date the return was filed.

21 (7) Failure of the holder of the certificate to remit the taxes applicable to the rental
22 charges as provided **under this section**~~[herein]~~ shall be sufficient cause for the
23 Department of Vehicle Regulation to void the certificate issued to such holder and
24 the usage tax on each of the motor vehicles which had been registered by the holder
25 under the certificate shall be due and payable on the retail price of each such motor
26 vehicle when it was first purchased by the holder.

27 (8) Notwithstanding the provisions of KRS 138.460 and subsection (1) of this section, a

1 holder of a certificate operating a fleet of rental passenger cars which has been
2 registered pursuant to an allocation formula approved by the cabinet shall pay the
3 tax by the method provided in this section. The provisions of this section shall apply
4 to all vehicles rented by the holder in this state.

5 (9) The usage tax reported and paid on every rental or lease of a vehicle registered
6 pursuant to this section shall be based on the fair market rental or lease value of the
7 vehicle. Fair market rental or lease value shall be based on standards established by
8 administrative regulation promulgated by the cabinet. The cabinet may remove a
9 vehicle from the U-Drive-It program without a hearing if it is determined by the
10 cabinet that no taxes have been remitted on that vehicle during the registration
11 period. However, the tax reported and paid to the Transportation Cabinet shall not
12 be less than the amount due based on the actual terms of a rental or lease agreement.
13 The burden of proving that the consideration charged by the holder satisfies this
14 subsection is on the holder.

15 ➔Section 12. The following KRS section is repealed:

16 186.630 Renting a motor vehicle to another.