

1 AN ACT relating to fiscal matters, making an appropriation therefor, and declaring  
2 an emergency.

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

4 ➔Section 1. KRS 224.60-130 is amended to read as follows:

5 (1) The Energy and Environment Cabinet, Department for Environmental Protection,  
6 Division of Waste Management, shall:

7 (a) Establish by administrative regulation the policy, guidelines, and procedures  
8 to administer the financial responsibility and petroleum storage tank accounts  
9 of the petroleum storage tank environmental assurance fund. In adopting  
10 administrative regulations to carry out this section, the division may  
11 distinguish between types, classes, and ages of petroleum storage tanks. The  
12 division may establish a range of amounts to be paid from the fund, or may  
13 base payments on methods such as pay for performance, task order, or firm  
14 fixed pricing, which are designed to provide incentives for contractors to more  
15 tightly control corrective action costs, and shall establish criteria to be met by  
16 persons who contract to perform corrective action to be eligible for  
17 reimbursement from the fund. The criteria may include the certification of  
18 individuals, partnerships, and companies. Criteria shall be established to  
19 certify laboratories that contract to perform analytical testing related to the  
20 underground storage tank program. Owners and operators shall have all  
21 required analytical testing performed by a certified laboratory to be eligible  
22 for fund participation. Persons who contract with petroleum storage tank  
23 owners or operators shall not be paid more than the amount authorized by the  
24 division for reimbursement from the fund for the performance of corrective  
25 action. At a minimum, the division shall promulgate administrative  
26 regulations ***in accordance with KRS Chapter 13A*** that will ***ensure***~~insure~~ an  
27 unobligated balance in the fund adequate to meet financial assurance

1 requirements and corrective action requirements of KRS 224.60-135(2) and  
2 (4). If the unobligated balance in the fund is not adequate to meet the  
3 requirements of this paragraph, the division shall obligate funds necessary to  
4 meet these requirements;

5 (b) Establish by administrative regulation the criteria to be met to be eligible to  
6 participate in the financial responsibility and petroleum storage tank accounts  
7 and to receive reimbursement from these accounts. The division may establish  
8 eligibility criteria for the petroleum storage tank account based upon the  
9 financial ability of the petroleum storage tank owner or operator. Owners or  
10 operators seeking coverage under the petroleum storage tank account shall file  
11 for eligibility and for financial assistance with the division. To ensure cost  
12 effectiveness, the division shall promulgate administrative regulations *in*  
13 *accordance with KRS Chapter 13A* specifying the circumstances under which  
14 prior approval of corrective action costs shall be required for those costs to be  
15 eligible for reimbursement from the fund. In promulgating administrative  
16 regulations to carry out this section, the division may distinguish between  
17 types, classes, and ages of petroleum storage tanks and the degree of  
18 compliance of the facility with any administrative regulations of the cabinet  
19 promulgated pursuant to KRS 224.60-105 or applicable federal regulations;

20 (c) Establish a financial responsibility account within the fund which may be  
21 used by petroleum storage tank owners and operators to demonstrate financial  
22 responsibility as required by administrative regulations of the cabinet or the  
23 federal regulations applicable to petroleum storage tanks, consistent with the  
24 intent of the General Assembly as set forth in KRS 224.60-120(5). The  
25 account shall receive four-tenths of one cent (\$0.004) from the one and four-  
26 tenths cent (\$0.014) paid on each gallon of gasoline and special fuels received  
27 in this state pursuant to KRS 224.60-145. To be eligible to use this account to

1 demonstrate compliance with financial responsibility requirements of the  
2 cabinet or federal regulations, or to receive reimbursement from this account  
3 for taking corrective action and for compensating third parties for bodily  
4 injury and property damage, the petroleum storage tank owner or operator  
5 shall meet the eligibility requirements established by administrative regulation  
6 promulgated by the division;

7 (d) Establish a small operator assistance account within the fund which may be  
8 used by the division to make or participate in the making of loans, to purchase  
9 or participate in the purchase of the loans, which purchase may be from  
10 eligible lenders, or to insure loans made by eligible lenders;

11 (e) Establish a petroleum storage tank account within the fund to be used to pay  
12 the costs of corrective action due to a release from a petroleum storage tank  
13 not eligible for reimbursement from the financial responsibility account.  
14 Reimbursements of corrective action projects performed under the petroleum  
15 storage tank account shall be carried out on or before July 15, ~~2034~~<sup>2028</sup>.  
16 Any corrective action costs incurred after this date shall not be eligible for  
17 reimbursement under the petroleum storage tank account. The account shall  
18 receive one cent (\$0.01) from the one and four-tenths cent (\$0.014) paid on  
19 each gallon of gasoline and special fuels received in this state pursuant to  
20 KRS 224.60-145. This account shall not be used to compensate third parties  
21 for bodily injury and property damage. Within three (3) months after July 15,  
22 2004, the division shall develop a plan to address the payment of claims and  
23 completion of corrective action at facilities eligible for reimbursement from  
24 this account. The division shall establish a ranking system to be used for the  
25 distribution of amounts from this account for the purpose of corrective action.  
26 In promulgating administrative regulations to carry out this section, the  
27 division shall consider the financial ability of the petroleum storage tank

- 1 owner or operator to perform corrective action and the extent of damage  
2 caused by a release into the environment from a petroleum storage tank;
- 3 (f) Hear complaints brought before the division regarding the payment of claims  
4 from the fund in accordance with KRS 224.10-410 to 224.10-470;
- 5 (g) Establish and maintain necessary offices within this state, appoint employees  
6 and agents as necessary, and prescribe their duties and compensation;
- 7 (h) Employ, in accordance with the procedures found in KRS 45A.690 to  
8 45A.725 for awarding personal service contracts, a qualified actuary to  
9 perform actuarial studies, as directed by the division, for determining an  
10 appropriate reserve in the financial responsibility account and the petroleum  
11 storage tank account sufficient to satisfy the obligations in each account for all  
12 eligible facilities and to satisfy future liabilities and expenses necessary to  
13 operate each account. The division shall, by administrative regulation, set the  
14 entry level for participation in the fund;
- 15 (i) Authorize expenditures from the fund to carry out the purpose of KRS  
16 224.60-105 to 224.60-160, including reasonable costs of administering the  
17 fund, the procurement of legal services, and the procurement of analytical  
18 testing services when necessary to confirm the accuracy of analytical testing  
19 results obtained by a petroleum storage tank owner or operator. The  
20 expenditures shall be paid from the appropriate account;
- 21 (j) Establish a small operators' tank removal account within the fund to reimburse  
22 the reasonable cost of tank system removal for small owners and operators.  
23 The account shall not be used when an owner or operator is removing the tank  
24 with the intention of replacing or upgrading the tank. In promulgating  
25 administrative regulations to carry out this paragraph, the division may  
26 distinguish among owners and operators based on income and types and  
27 classes of tanks. The division shall not place a limit on the number of tanks

1           that an owner or operator has in order to be eligible to participate in the  
2           program and receive reimbursement under this paragraph;

3           (k) Establish by administrative regulation the policy, guidelines, and procedures  
4           to perform financial audits of any petroleum storage tank owner or operator  
5           receiving reimbursement from the fund or any entity contracting or  
6           subcontracting to provide corrective action services for facilities eligible for  
7           fund reimbursement. Financial audits shall be limited to those files, records,  
8           computer records, receipts, and other documents related to corrective action  
9           performed at a facility where the costs of corrective action have been  
10          reimbursed by the fund. Files, records, computer records, receipts, and other  
11          documents related to corrective action reimbursed by the fund shall be subject  
12          to a financial audit for a period of three (3) years after the date of final  
13          reimbursement from the fund. Results of the audits shall be protected from  
14          disclosure as allowed by KRS 61.878(1)(c). Financial auditing services may  
15          be contracted for or personnel may be employed as needed to implement the  
16          requirements of this paragraph;

17          (l) Be authorized to enter and inspect any facility intending to seek  
18          reimbursement for the cost of corrective action to determine the  
19          reasonableness and necessity of the cost of corrective action. The division  
20          may collect soil or water samples or require storage tank owners or operators  
21          to split samples with the division for analytical testing. Refusal to allow entry  
22          and inspection of a facility or refusal to allow the division to collect or split  
23          samples shall make the facility ineligible for fund participation;

24          (m) Have inspectors on site at all tank system removals. Failure to comply with  
25          this provision shall make the facility ineligible for fund participation. A  
26          petroleum storage tank owner or operator may request through certified mail  
27          that the division schedule an inspector to be present at an upcoming tank

1 removal. If the request is made at least two (2) weeks before the time for the  
2 removal and an inspector fails to be present at the time scheduled, the tank  
3 removal may proceed without making the facility ineligible for fund  
4 participation unless the owner is notified by the division no later than ten (10)  
5 days prior to the proposed date that an inspector is not available on the  
6 proposed date, in which event a representative of the division shall contact the  
7 operator and schedule a new date. If no inspector is present at the rescheduled  
8 date, the removal may then proceed without penalty; and

9 (n) Establish that the deadline for submission of final reimbursement requests  
10 under the petroleum storage tank account is two (2) years after receipt of a no  
11 further action letter.

12 (2) The division may advise the cabinet on the promulgation of administrative  
13 regulations concerning petroleum storage tanks.

14 (3) The division may sue and be sued in its own name.

15 (4) The division may transfer funds from the petroleum storage tank account to the  
16 small operator tank removal account as needed to satisfy the obligations, future  
17 liabilities, and expenses necessary to operate that account. The division may  
18 transfer funds to the financial responsibility account as needed to maintain within  
19 that account sufficient funds to demonstrate financial responsibility and to ensure  
20 payment of claims as provided in subsection (1)(c) of this section.

21 ➔Section 2. KRS 224.60-142 is amended to read as follows:

22 (1) To be eligible to participate in the fund, the owner of any petroleum storage tank  
23 containing motor fuels installed and placed in operation after July 15, 2004, shall  
24 register the petroleum storage tank with the cabinet as required by KRS 224.60-105  
25 prior to applying for participation in the financial responsibility account.

26 (2) The owner of any petroleum storage tank containing motor fuels currently existing,  
27 or removed from the ground after January 1, 1974, shall register the petroleum

1 storage tank containing motor fuels with the cabinet prior to applying to the fund,  
2 and shall register the petroleum storage tank containing motor fuels by July 15,  
3 2031~~[2025]~~. Owners or operators may submit affidavits and applications relevant to  
4 current petroleum storage tank accounts through July 15, 2031~~[2025]~~.

5 ➔Section 3. KRS 224.60-145 is amended to read as follows:

- 6 (1) Except as provided in subsection (2) of this section, there is established a petroleum  
7 environmental assurance fee to be paid by dealers on each gallon of gasoline and  
8 special fuels received in this state.
- 9 (2) All deductions detailed in KRS 138.240(2) and all credits detailed in KRS 138.358  
10 are exempt from the fee. If a dealer has on file, pursuant to KRS Chapter 138, a  
11 statement supporting a claimed exemption, an additional statement shall not be  
12 required for claiming exemption from the fee.
- 13 (3) The fee shall be reported and paid to the Department of Revenue at the same time  
14 and in the same manner as is required for the reporting and payment of the gasoline  
15 and special fuels taxes as provided by law.
- 16 (4) The petroleum environmental assurance fee shall be set at one and four-tenths cent  
17 (\$0.014) for each gallon. Four-tenths of a cent (\$0.004) per gallon shall be  
18 deposited in the financial responsibility account and one cent (\$0.01) shall be  
19 deposited in the petroleum storage tank account.
- 20 (5) Within thirty (30) days of the close of fiscal year 2001-2002 and each fiscal year  
21 thereafter, the state budget director shall review the balance of each account to  
22 determine if a surplus exists. "Surplus" means funds in excess of the amounts  
23 necessary to satisfy the obligations in each account for all eligible facilities, to  
24 satisfy future liabilities and expenses necessary to operate each account, and to  
25 maintain an appropriate reserve in the financial responsibility account to  
26 demonstrate financial responsibility and compensate for third-party claims. The  
27 state budget director shall report the determination to the Interim Joint Committee

1 on Appropriations and Revenue. After a determination that a surplus exists, the  
2 surplus shall be transferred to a restricted account and retained until appropriated by  
3 the General Assembly.

4 (6) All provisions of law related to the Department of Revenue's administration and  
5 enforcement of the gasoline and special fuels tax and all other powers generally  
6 conveyed to the Department of Revenue by the Kentucky Revised Statutes for the  
7 assessment and collection of taxes shall apply with regard to the fee levied by KRS  
8 224.60-105 to 224.60-160.

9 (7) The Department of Revenue shall refund the fee imposed by KRS 224.60-145(1) to  
10 any person who paid the fee provided they are entitled to a refund of motor fuel tax  
11 under KRS 138.344 to KRS 138.355 and to any person who paid the fee on  
12 transactions exempted under KRS 224.60-145(2).

13 (8) Notwithstanding any other provisions of KRS 65.180, 65.182, 68.600 to 68.606,  
14 139.470, 183.165, 224.60-115, 224.60-130, 224.60-137, 224.60-140, 224.60-142,  
15 and this section to the contrary, the small operator assistance account and small  
16 operator tank removal account established under KRS 224.60-130 shall continue in  
17 effect until July 15, 2031~~[2025]~~, and thereafter until all eligible claims related to  
18 tanks registered by that date are resolved, and sufficient money shall be allocated to  
19 and maintained in that account to assure prompt payment of all eligible claims, and  
20 to provide for removal of tanks for eligible owners and operators as directed by this  
21 chapter.

22 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO  
23 READ AS FOLLOWS:

24 **(1) The department shall submit an annual report to the Legislative Research**  
25 **Commission and the Interim Joint Committee on Appropriations and Revenue on**  
26 **October 1, 2024, and October 1 of each year thereafter.**

27 **(2) The report required by subsection (1) of this section shall:**



1 (a) Summarize each tax law change enacted during:

2 1. The immediately preceding Regular Session of the General Assembly;

3 or

4 2. Any Extraordinary Session of the General Assembly held since the last  
5 report was submitted;

6 (b) Be organized by bill number, including any resolutions impacting the tax  
7 laws; and

8 (c) Outline actions taken, or to be taken, by the department to implement each  
9 tax law change, including any:

10 1. Required modification to information technology systems and the  
11 estimated cost of that modification;

12 2. Development of new or modification to existing forms for submission  
13 by taxpayers;

14 3. Taxpayer education efforts deployed or to be deployed in response to  
15 the tax law changes;

16 4. Administrative regulations filed or to be filed;

17 5. Shifting of personnel to perform the actions; and

18 6. Suggestions to the Interim Joint Committee on Appropriations and  
19 Revenue for related statutory corrections or improvements.

20 ➔Section 5. KRS 138.510 is amended to read as follows:

21 (1) (a) Before August 1, 2022, except as provided in paragraph (e) of this subsection  
22 and subsection (3) of this section, an excise tax is imposed on all tracks  
23 conducting pari-mutuel wagering on live racing under the jurisdiction of the  
24 commission as follows:

25 1. For each track with a daily average live handle of one million two  
26 hundred thousand dollars (\$1,200,000) or above, the tax shall be in the  
27 amount of three and one-half percent (3.5%) of all money wagered on

- 1 live races at the track during the fiscal year; and
- 2 2. For each track with a daily average live handle under one million two  
3 hundred thousand dollars (\$1,200,000), the tax shall be one and one-half  
4 percent (1.5%) of all money wagered on live races at the track during  
5 the fiscal year.
- 6 (b) Beginning August 1, 2022, the excise tax imposed on all tracks conducting  
7 pari-mutuel wagering on live racing under jurisdiction of the commission  
8 shall be one and one-half percent (1.5%) of all money wagered on live races  
9 at the track during the fiscal year.
- 10 (c) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting  
11 pari-mutuel wagering on historical horse races under the jurisdiction of the  
12 commission at a rate of one and one-half percent (1.5%) of all money wagered  
13 on historical horse races at the track during the fiscal year.
- 14 (d) Money shall be deducted from the tax paid under paragraphs (a), (b), and (c)  
15 of this subsection and deposited as follows:
- 16 1. a. Before August 1, 2022, an amount equal to three-quarters of one  
17 percent (0.75%) of all money wagered on live races and historical  
18 horse races at the track for Thoroughbred racing shall be deposited  
19 in the Thoroughbred development fund established in KRS  
20 230.400; and
- 21 b. Beginning August 1, 2022, an amount equal to three-quarters of  
22 one percent (0.75%) of all money wagered on live races and  
23 historical horse races at the track for Thoroughbred racing shall be  
24 deposited in the Thoroughbred development fund established in  
25 KRS 230.400 until forty-five million dollars (\$45,000,000) has  
26 been deposited during a fiscal year, at which point the amount  
27 deposited in the fund shall decrease to four-tenths of one percent

- 1 (0.4%) of all money wagered on live and historical horse races at  
2 the track for Thoroughbred racing for the remainder of the fiscal  
3 year;
- 4 2. a. Before August 1, 2022, an amount equal to one percent (1%) of all  
5 money wagered on live races and historical horse races at the track  
6 for harness racing shall be deposited in the Kentucky standardbred  
7 development fund established in KRS 230.770. Beginning August  
8 1, 2022, an amount equal to one percent (1%) of all money  
9 wagered on live races at the track for harness racing shall be  
10 deposited in the Kentucky standardbred development fund until a  
11 total of twenty million dollars (\$20,000,000) has been deposited  
12 during a fiscal year from this subparagraph, at which point the  
13 amount deposited shall decrease to four-tenths of one percent  
14 (0.4%) of all money wagered for the remainder of the fiscal year;  
15 and
- 16 b. Beginning August 1, 2022, an amount equal to one percent (1%)  
17 of all money wagered on historical horse races at the track for  
18 harness racing shall be distributed in the exact amounts based  
19 upon contracts between the parties that have been filed with the  
20 commission, but at least one-half (1/2) of the funds shall be  
21 deposited into the Kentucky standardbred development fund  
22 established in KRS 230.770 until a total of twenty million dollars  
23 (\$20,000,000) has been deposited into the Kentucky standardbred  
24 development fund during a fiscal year from this subparagraph, at  
25 which point the amount deposited in this subdivision shall  
26 decrease to four-tenths of one percent (0.4%) of all money  
27 wagered for the remainder of the fiscal year. The commission shall

1 provide the department all information necessary from the  
2 contracts in order for the funds in this subparagraph to be  
3 distributed;

- 4 3. An amount equal to one percent (1%) of all money wagered on live  
5 races and historical horse races at the track for quarter horse, paint  
6 horse, Appaloosa, and Arabian horse racing shall be deposited in the  
7 Kentucky quarter horse, paint horse, Appaloosa, and Arabian  
8 development fund established by KRS 230.445;
- 9 4. An amount equal to two-tenths of one percent (0.2%) of all money  
10 wagered on live races and historical horse races at the track shall be paid  
11 out in equal amounts as follows:
- 12 a. To the equine industry program trust and revolving fund  
13 established by KRS 230.550 to support the Equine Industry  
14 Program at the University of Louisville, except that the amount  
15 deposited from money wagered on historical horse races in any  
16 fiscal year shall not exceed eight hundred fifty thousand dollars  
17 (\$850,000);
- 18 b. To the University of Kentucky for equine industry programs at the  
19 university, except that the amount paid from money wagered on  
20 historical horse races in any fiscal year shall not exceed four  
21 hundred thousand dollars (\$400,000);
- 22 c. To the Bluegrass Community and Technical College for the  
23 provision of equine industry programs by the system, except that  
24 the amount paid from money wagered on historical horse races in  
25 any fiscal year shall not exceed two hundred fifty thousand dollars  
26 (\$250,000);
- 27 d. Amounts remaining from money wagered on historical horse races

1 in a fiscal year after payments are made in accordance with  
2 subdivisions a., b., and c. of this subparagraph shall be distributed  
3 in equal amounts to:

4 i. *The Kentucky Horse Racing Commission for the benefit of*  
5 *Thoroughbred, standardbred, and American quarter horse*  
6 *aftercare facilities in Kentucky, in an amount not to exceed*  
7 *two hundred fifty thousand dollars (\$250,000). The*  
8 *Kentucky Horse Racing Commission shall serve as the*  
9 *administrative agent for these funds, and shall distribute*  
10 *them annually to organizations engaged in the*  
11 *accreditation and monitoring of aftercare facilities. Any*  
12 *funds distributed under this subpart by the Kentucky Horse*  
13 *Racing Commission shall be awarded to aftercare facilities*  
14 *based in Kentucky only after the facilities have achieved*  
15 *and maintained levels of service and operation that resulted*  
16 *in national accreditation; and*

17 ii. *The Kentucky equine management internship program for*  
18 *equine management training, in an amount not to exceed*  
19 *two hundred fifty thousand dollars (\$250,000);* ~~The~~  
20 ~~Kentucky Thoroughbred breeders incentive fund established~~  
21 ~~in KRS 230.800, in an amount not to exceed four hundred~~  
22 ~~thousand dollars (\$400,000); and~~

23 ~~ii. The Kentucky standardbred breeders incentive fund~~  
24 ~~established in KRS 230.802, in an amount not to exceed one~~  
25 ~~hundred thousand dollars (\$100,000);] and~~

26 e. Any amounts remaining from money wagered on historical horse  
27 races in a fiscal year after payments are made in accordance with

- 1 subdivisions a., b., c., and d. of this subparagraph shall be paid to  
2 the general fund;
- 3 5. a. An amount equal to one-tenth of one percent (0.1%) of all money  
4 wagered on live races and historical horse races at the track shall  
5 be deposited in a trust and revolving fund to be used for the  
6 construction, expansion, or renovation of facilities or the purchase  
7 of equipment for equine programs at state universities and the  
8 Bluegrass Community and Technical College, except that the  
9 amount deposited from money wagered on historical horse races in  
10 any fiscal year shall not exceed three hundred twenty thousand  
11 dollars (\$320,000).
- 12 b. These funds shall not be used for salaries or for operating funds  
13 for teaching, research, or administration. Funds allocated under  
14 this subparagraph shall not replace other funds for capital purposes  
15 or operation of equine programs at state universities and the  
16 Bluegrass Community and Technical College.
- 17 c. The Kentucky Council on Postsecondary Education shall serve as  
18 the administrative agent for these funds, and shall establish an  
19 advisory committee of interested parties, including all universities  
20 and the Bluegrass Community and Technical College with  
21 established equine programs, to evaluate proposals and make  
22 recommendations for the awarding of funds.
- 23 d. The Kentucky Council on Postsecondary Education may  
24 promulgate administrative regulations to establish procedures for  
25 administering the program and criteria for evaluating and awarding  
26 grants; and
- 27 6. An amount equal to one-tenth of one percent (0.1%) of all money

1           wagered on live races and historical horse races shall be distributed to  
2           the commission to support equine drug testing as provided in KRS  
3           230.265(3), except that the amount deposited from money wagered on  
4           historical horse races in any fiscal year shall not exceed three hundred  
5           twenty thousand dollars (\$320,000).

6           (e) The excise tax imposed by paragraphs (a) and (b) of this subsection shall not  
7           apply to pari-mutuel wagering on live harness racing at a county fair.

8       (2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is  
9           imposed on:

- 10           1. All tracks conducting telephone account wagering;
- 11           2. All tracks participating as receiving tracks in intertrack wagering under  
12           the jurisdiction of the commission; and
- 13           3. All tracks participating as receiving tracks displaying simulcasts and  
14           conducting interstate wagering thereon.

15           (b) 1. Before August 1, 2022, the tax shall be three percent (3%) of all money  
16           wagered on races as provided in paragraph (a) of this subsection during  
17           the fiscal year.

18           2. Beginning August 1, 2022, the tax shall be one and one-half percent  
19           (1.5%) of all money wagered on races as provided in paragraph (a) of  
20           this subsection during the fiscal year.

21           (c) A noncontiguous track facility approved by the commission on or after  
22           January 1, 1999, shall be exempt from the tax imposed under this subsection,  
23           if the facility is established and operated by a licensed track which has a total  
24           annual handle on live racing of two hundred fifty thousand dollars (\$250,000)  
25           or less. The amount of money exempted under this paragraph shall be retained  
26           by the noncontiguous track facility, KRS 230.3771 and 230.378  
27           notwithstanding.

- 1 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of  
2 this subsection as follows:
- 3 1. An amount equal to one percent (1%) of the amount wagered shall be  
4 deposited as follows:
- 5 a. In the Thoroughbred development fund established in KRS  
6 230.400 if the host track is conducting a Thoroughbred race  
7 meeting or the interstate wagering is conducted on a Thoroughbred  
8 race meeting;
- 9 b. In the Kentucky standardbred development fund established in  
10 KRS 230.770, if the host track is conducting a harness race  
11 meeting or the interstate wagering is conducted on a harness race  
12 meeting; or
- 13 c. In the Kentucky quarter horse, paint horse, Appaloosa, and  
14 Arabian development fund established by KRS 230.445, if the host  
15 track is conducting a quarter horse, paint horse, Appaloosa, or  
16 Arabian horse race meeting or the interstate wagering is conducted  
17 on a quarter horse, paint horse, Appaloosa, or Arabian horse race  
18 meeting;
- 19 2. An amount equal to twenty-five thousandths of one percent (0.025%) of  
20 the amount wagered shall be allocated to the equine industry program  
21 trust and revolving fund established by KRS 230.550 to be used to  
22 support the Equine Industry Program at the University of Louisville;
- 23 3. An amount equal to one-twentieth of one percent (0.05%) of the amount  
24 wagered shall be deposited in a trust and revolving fund to be used for  
25 the construction, expansion, or renovation of facilities or the purchase of  
26 equipment for equine programs at state universities, as detailed in  
27 subsection (1)(d)5. of this section; and



1           4. An amount equal to one-twentieth of one percent (0.05%) of the amount  
2           wagered shall be distributed to the commission to support equine drug  
3           testing as provided in KRS 230.265(3).

4 (3) If a host track in this state is the location for the conduct of a two (2) day  
5           international horse racing event that distributes in excess of a total of twenty million  
6           dollars (\$20,000,000) in purses and awards:

7           (a) The excise tax imposed by subsection (1)(a) and (b) of this section shall not  
8           apply to money wagered at the track on live races conducted at the track  
9           during the two (2) day international horse racing event; and

10          (b) Amounts wagered at the track on live races conducted at the track during the  
11          two (2) day international horse racing event shall not be included in  
12          calculating the daily average live handle for purposes of subsection (1) of this  
13          section.

14 **(4) If a host track in this state is the location for the conduct of an international**  
15 **harness racing event spanning multiple days that distributes at least five million**  
16 **dollars (\$5,000,000) in purses and awards, the Tourism, Arts and Heritage**  
17 **Cabinet shall be granted a race title sponsorship and promotional package at the**  
18 **international harness racing event with all usual and customary benefits assigned**  
19 **to promote Kentucky tourism. The Tourism, Arts and Heritage Cabinet shall not**  
20 **be charged any fees for the promotional package.**

21 ~~(5)~~~~(4)~~ The taxes imposed by this section shall be paid, collected, and administered as  
22           provided in KRS 138.530.

23           ➔Section 6. KRS 230.770 is amended to read as follows:

24 (1) **(a)** There is hereby created a trust and **agency account**~~[revolving fund]~~ for the  
25           Kentucky Horse Racing Commission, designated as the Kentucky  
26           standardbred development fund, consisting of **moneys**~~[money]~~ allocated to the  
27           fund under the provisions of KRS 138.510, together with any other

1 moneys~~[money]~~ contributed to or allocated to the fund from all other sources.

2 **(b)** For the purposes of this section, "development fund" or "fund" means the  
3 Kentucky standardbred development fund.

4 **(c)** Moneys~~[Money]~~ to the credit of the development fund shall be **transferred in**  
5 **the following order:**

6 **1. Seventy-five thousand dollars (\$75,000) each fiscal year to the**  
7 **Kentucky problem gambling assistance account established in KRS**  
8 **230.826; and**

9 **2. Remaining moneys to**~~[distributed by the Treasurer for the purposes~~  
10 ~~provided in this section, upon authorization of]~~ the Kentucky Horse  
11 Racing Commission **for the purposes specified in this section**~~[and upon~~  
12 ~~approval of the secretary of the Finance and Administration Cabinet].~~

13 **(d)** Moneys~~[Money]~~ to the credit of the fund at the end of each fiscal year shall  
14 not lapse but shall be carried forward in the fund to the succeeding fiscal year.

15 (2) The Kentucky Horse Racing Commission shall use the development fund to  
16 promote races, and to provide purses for races, for Kentucky-bred standardbred  
17 horses.

18 (3) The racing commission shall:

19 **(a) Account for the moneys in the fund by separating the moneys as required**  
20 **for distribution under subsections (1) and (4) of this section; and**

21 **(b)** Provide for distribution of moneys~~[money]~~ to the credit of the development  
22 fund to persons, corporations, or associations operating licensed standardbred  
23 race tracks within Kentucky on an equitable basis, for the purpose of  
24 conducting separate races for Kentucky-bred standardbred horses, both  
25 trotting and pacing.

26 **(4)** **The racing commission shall establish an international harness racing event**  
27 **reserve account of up to nine hundred thousand dollars (\$900,000) for a**

1 Kentucky track that hosts an international harness racing event spanning  
 2 multiple days that distributes at least five million dollars (\$5,000,000) in purses  
 3 and awards. Moneys shall be transferred from the development fund as follows:

4 (a) Beginning July 31, 2024, three hundred thousand dollars (\$300,000) shall  
 5 be transferred annually into the event reserve account until the total  
 6 amount transferred into the event reserve account reaches nine hundred  
 7 thousand dollars (\$900,000);

8 (b) If the event reserve account reaches nine hundred thousand dollars  
 9 (\$900,000), the annual transfer of moneys into the account shall be  
 10 suspended and shall not resume until a Kentucky track has hosted the event  
 11 and has received its distribution of moneys under this subsection; and

12 (c) If an event is held and the nine hundred thousand dollars (\$900,000) has  
 13 been distributed to the host track, the annual transfers into the event reserve  
 14 account under paragraph (a) of this subsection shall resume at that time.

15 (5) Moneys~~[Money]~~ distributed from the development fund to licensed standardbred  
 16 race tracks within the Commonwealth shall be used exclusively to promote races  
 17 and provide purses for races conditioned to admit only Kentucky-bred standardbred  
 18 horses.

19 ~~(6)~~~~(5)~~ The Kentucky Horse Racing Commission shall:

20 (a) Fix the amount of moneys~~[money]~~ to be paid from the development fund to  
 21 be added to the purse provided for each race by the licensed operator of the  
 22 track;~~[shall]~~

23 (b) Fix the dates and conditions of races to be held by licensed race tracks; and~~[~~  
 24 ~~shall]~~

25 (c) Promulgate administrative regulations in accordance with KRS Chapter 13A  
 26 necessary to carry out the provisions of this section.

27 ~~(7)~~~~(6)~~ (a) The Kentucky Horse Racing Commission may promulgate

1 administrative regulations necessary to determine the eligibility of horses for  
 2 entry in races for which a portion of the purse is provided by moneys~~[money]~~  
 3 of the development fund, including administrative regulations for the  
 4 eligibility, residency, and registration of mares, stallions, and progeny thereof.

5 **(b)** Registration of stallions may occur any time during the breeding season, but  
 6 shall occur no later than December 31 of the year of conception of the eligible  
 7 horse.

8 ~~(8)~~~~(7)~~ **(a)** The Kentucky Horse Racing Commission shall appoint qualified  
 9 personnel necessary to supervise registration of, or determination of eligibility  
 10 of, horses entitled to entry in races, a portion of the purse of which is provided  
 11 by the development fund, to assist the racing commission in determining the  
 12 conditions, class, and quality of the fund supported race program to be  
 13 established in this section~~[hereunder so as]~~ to carry out the purposes of this  
 14 section.

15 **(b)** These persons shall serve at the pleasure of the racing commission and  
 16 compensation shall be fixed by the racing commission.

17 **(c)** The compensation of personnel and necessary expenses shall be paid out of  
 18 the development fund.

19 **(d)** The racing commission shall ~~[Promulgate administrative regulations to carry~~  
 20 ~~out the provisions of this section, and shall]~~ administer the Kentucky sire  
 21 stakes program ~~[created hereby]~~ in a manner best designed to:

22 **1.** Promote and aid in the development of the horse industry in Kentucky;~~[~~  
 23 ~~to]~~

24 **2.** Upgrade the quality of racing in Kentucky; and~~[to]~~

25 **3.** Improve the quality of horses bred in Kentucky.

26 ➔Section 7. KRS 230.400 is amended to read as follows:

27 (1) **(a)** There is hereby created a trust and agency account~~[revolving fund]~~ for the

1 Kentucky Horse Racing Commission, designated as the Kentucky  
 2 Thoroughbred development fund, consisting of moneys~~[money]~~ allocated to  
 3 the fund under the provisions of KRS 138.510, together with other  
 4 moneys~~[money]~~ contributed to or allocated to the fund from all other sources.

5 (b) Moneys~~[Money]~~ to the credit of the Kentucky Thoroughbred development  
 6 fund shall be transferred in the following order:

7 1. One hundred thousand dollars (\$100,000) each fiscal year to the  
 8 Kentucky problem gambling assistance account established in KRS  
 9 230.826; and

10 2. Remaining moneys to ~~[distributed by the Treasurer for the purposes of~~  
 11 ~~this section upon authorization of ]~~ the Kentucky Horse Racing  
 12 Commission for the purposes specified in this section~~[ and upon~~  
 13 ~~approval of the secretary of the Finance and Administration Cabinet].~~

14 (c) Moneys~~[Money]~~ from the Kentucky Thoroughbred development fund shall be  
 15 allocated to each licensed association in an amount equal to the amount the  
 16 association contributed to the fund.

17 (d) Moneys~~[Money]~~ to the credit of the Kentucky Thoroughbred development  
 18 fund at the end of each fiscal year shall not lapse, but shall be carried forward  
 19 in such fund to the succeeding fiscal year.

20 (2) There is hereby established, under the general jurisdiction of the Kentucky Horse  
 21 Racing Commission, a Kentucky Thoroughbred Development Fund Advisory  
 22 Committee. The advisory committee shall consist of five (5) members, all of whom  
 23 shall be residents of Kentucky, to be appointed by the chairman of the Kentucky  
 24 Horse Racing Commission by July 1 of each year. The committee shall consist of  
 25 two (2) Thoroughbred breeders recommended by the Kentucky Thoroughbred  
 26 Owners and Breeders, Inc.; one (1) Thoroughbred owner recommended by the  
 27 Kentucky division of the Horsemen's Benevolent and Protective Association; one

1 (1) officer or director of a licensed association conducting Thoroughbred racing in  
2 Kentucky, recommended by action of all of the licensed associations conducting  
3 Thoroughbred racing in Kentucky; and one (1) member of the Kentucky Horse  
4 Racing Commission. If any member other than the racing commission member has  
5 not been recommended for appointment by July 1 of each year, the chairman of the  
6 Kentucky Horse Racing Commission shall make an appointment for the  
7 organization or organizations failing to recommend a member of the committee.  
8 The members of the advisory committee shall serve without compensation, but shall  
9 be entitled to reimbursement for all expenses incurred in the discharge of official  
10 business. The advisory committee shall select from its membership annually a  
11 chairman and a vice chairman.

12 (3) (a) The Kentucky Thoroughbred Development Fund Committee shall advise and  
13 assist the Kentucky Horse Racing Commission in the development of the  
14 supplemental purse program provided herein for Kentucky-bred  
15 Thoroughbreds, shall make recommendations to the racing commission from  
16 time to time with respect to the establishment of guidelines, administrative  
17 regulations for the provision of supplemental purses, the amount thereof, the  
18 races for which the purses are to be provided and the conditions thereof,  
19 manner and method of payment of supplemental purses, registry of  
20 Thoroughbred stallions standing within the Commonwealth of Kentucky,  
21 registry of Kentucky-bred Thoroughbreds for purposes of this section, nature  
22 and type of forms and reports to be employed and required in connection with  
23 the establishment, provision for, award and payment of supplemental purses,  
24 and with respect to all other matters necessary in connection with the carrying  
25 out of the intent and purposes of this section.

26 (b) The Kentucky Horse Racing Commission shall employ qualified personnel as  
27 may be required to assist the racing commission and the advisory committee

1 in carrying out the provisions of this section. These persons shall serve at the  
2 pleasure of the racing commission and compensation for these personnel shall  
3 be fixed by the racing commission. The compensation of these personnel and  
4 the necessary expenses incurred by the racing commission or by the  
5 committee in carrying out the provisions of this section shall be paid out of  
6 the Kentucky Thoroughbred development fund.

7 (4) The Kentucky Horse Racing Commission, with the advice and assistance of the  
8 Kentucky Thoroughbred Development Fund Advisory Committee, shall use the  
9 Kentucky Thoroughbred development fund to promote, enhance, improve, and  
10 encourage the further and continued development of the Thoroughbred breeding  
11 industry in Kentucky by providing, out of the Kentucky Thoroughbred development  
12 fund, supplemental purses for designated stakes, handicap, allowance, nonclaiming  
13 maiden races, and claiming races contested at licensed Thoroughbred race meetings  
14 in Kentucky. The Kentucky Horse Racing Commission shall, by administrative  
15 regulation promulgated in accordance with KRS Chapter 13A, establish the  
16 requirements, conditions, and procedures for awarding and payment of  
17 supplemental purses in designated races by Kentucky-bred Thoroughbred horses.  
18 That portion of the supplemental purse provided for any designated race shall be  
19 awarded and paid to the owner of the horse only if the horse is a Kentucky-bred  
20 Thoroughbred duly registered with the official registrar. Any portion of the  
21 supplemental purse which is not awarded and paid over shall be returned to the  
22 Kentucky Thoroughbred development fund.

23 (5) (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall  
24 mean and include only a Thoroughbred stallion standing the entire breeding  
25 season in Kentucky and registered as a Kentucky Thoroughbred stallion with  
26 the official registrar of the Kentucky Thoroughbred development fund.

27 (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term

1 "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and  
2 include only Thoroughbred horses sired by Kentucky Thoroughbred stallions  
3 foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the  
4 official registrar of the Kentucky Thoroughbred development fund.

5 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a  
6 Kentucky-bred Thoroughbred for purposes of this section if the horse was  
7 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud  
8 within Kentucky at the time of conception of such Thoroughbred, provided  
9 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with  
10 the official registrar of the Kentucky Thoroughbred development fund.

11 (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to  
12 demand, claim, and receive a portion of a supplemental purse provided by the  
13 Kentucky Thoroughbred development fund, the Thoroughbred horse in a  
14 designated race for which a supplemental purse has been provided by the  
15 Kentucky Thoroughbred development fund must have been duly registered as  
16 a Kentucky-bred Thoroughbred with the official registrar of the Kentucky  
17 Thoroughbred development fund prior to entry in the race.

18 (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and  
19 designated as the sole official registrar of the Kentucky Thoroughbred  
20 development fund for the purposes of registering Kentucky Thoroughbred  
21 stallions and Kentucky-bred Thoroughbreds in accordance with the terms of  
22 this section and any administrative regulations promulgated by the Kentucky  
23 Horse Racing Commission. When a Kentucky-bred Thoroughbred is  
24 registered with the official registrar, the registrar shall be authorized to stamp  
25 the Jockey Club certificate issued for the Thoroughbred with the seal of the  
26 registrar, certifying that the Thoroughbred is a duly qualified and registered  
27 Kentucky-bred Thoroughbred for purposes of this section. The registrar may



1 establish and charge, with the approval of the racing commission, reasonable  
2 registration fees for its services in the registration of Kentucky Thoroughbred  
3 stallions and in the registration of Kentucky-bred Thoroughbreds. Registration  
4 records of the registrar shall be public records and open to public inspection at  
5 all normal business hours and times.

6 (b) Any interested party aggrieved by the failure or refusal of the official registrar  
7 to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-  
8 bred Thoroughbred shall have the right to file with the racing commission,  
9 within thirty (30) days of such failure or refusal of the registrar, a petition  
10 seeking registration of the Thoroughbred. The racing commission shall  
11 promptly hear the matter de novo and issue its order directing the official  
12 registrar to register or not to register as it may be determined by the racing  
13 commission.

14 (7) The Kentucky Horse Racing Commission shall promulgate administrative  
15 regulations as may be necessary to carry out the provisions and purposes of this  
16 section, including the promulgation of administrative regulations and forms as may  
17 be appropriate for the proper registration of Kentucky stallions and Kentucky-bred  
18 Thoroughbreds with the official registrar, and shall administer the Kentucky-bred  
19 Thoroughbred program created hereby in a manner best designed to promote and  
20 aid in the further development of the Thoroughbred breeding industry in Kentucky,  
21 to upgrade the quality of Thoroughbred racing in Kentucky, and to improve the  
22 quality of Thoroughbred horses bred in Kentucky.

23 ➔Section 8. KRS 230.445 is amended to read as follows:

24 (1) (a) There is hereby created a trust and agency account~~[revolving fund]~~ for the  
25 Kentucky Horse Racing Commission designated the Kentucky quarter horse,  
26 paint horse, Appaloosa, and Arabian development fund, consisting of  
27 moneys~~[money]~~ allocated to the fund under KRS 230.3771 together with any

1 other moneys~~[money]~~ contributed to or allocated to the fund from all other  
2 sources.

3 **(b)** For the purposes of this section, "development fund" or "fund" means the  
4 Kentucky quarter horse, paint horse, Appaloosa, and Arabian development  
5 fund.

6 **(c)** Moneys~~[Money]~~ to the credit of the development fund shall be transferred in  
7 the following order:

8 1. Twenty-five thousand dollars (\$25,000) each fiscal year to the  
9 Kentucky problem gambling assistance account established in KRS  
10 230.826; and

11 2. Remaining moneys to ~~[distributed by the Treasurer for the purposes~~  
12 ~~provided in this section, upon authorization of ]~~ the Kentucky Horse  
13 Racing Commission for the purposes specified in this section~~[ and~~  
14 ~~upon approval of the secretary of the Finance and Administration~~  
15 ~~Cabinet].~~

16 **(d)** Notwithstanding KRS 45.229, moneys~~[money]~~ to the credit of the fund at the  
17 end of the fiscal year shall not lapse but shall be carried forward in the fund to  
18 the succeeding fiscal year.

19 **(e)** Interest earnings of the fund shall become a part of the fund and shall not  
20 lapse.

21 **(f)** Moneys in the fund shall be used and are hereby appropriated for purposes  
22 specified in this section.

23 (2) The Kentucky Horse Racing Commission shall use the development fund to  
24 promote races and to provide purses for races for horses bred and foaled in the  
25 Commonwealth. The commission shall provide for distribution of moneys~~[money]~~  
26 to the credit of the development fund to persons, corporations, or associations  
27 operating licensed tracks within Kentucky conducting quarter horse, paint horse,

1 Appaloosa, or Arabian horse racing, on an equitable basis as determined by the  
2 commission and in conformance with subsection (3) of this section.

3 (3) The Kentucky Horse Racing Commission shall:

4 (a) Fix the amount of moneys~~[money]~~ to be paid from the development fund to  
5 be added to the purse provided for each race by the licensed operator of the  
6 track;

7 (b) Fix the dates and conditions of races to be held by licensed tracks; and

8 (c) Promulgate administrative regulations necessary to carry out the provisions of  
9 this section.

10 Moneys~~[Money]~~ from the fund shall be allocated to each breed of horse represented  
11 in the fund in an amount equal to the amount the breed has contributed to the fund.

12 (4) The Kentucky Horse Racing Commission shall appoint qualified personnel as  
13 necessary to:

14 (a) Supervise registration of, or determine the eligibility of, horses entitled to  
15 entry in races which receive a portion of purse money from the development  
16 fund; and

17 (b) Assist the commission in determining the conditions, class, and quality of the  
18 fund-supported race program established to carry out the purposes of this  
19 section.

20 The personnel shall serve at the pleasure of the commission and compensation shall  
21 be fixed by the commission with the compensation and necessary expenses of the  
22 personnel paid from the development fund.

23 (5) The commission shall promulgate administrative regulations to carry out the  
24 provisions of this section and shall administer the Kentucky quarter horse, paint  
25 horse, Appaloosa, and Arabian development fund in a manner designed to:

26 (a) Promote and aid in the development of the horse industry in Kentucky;

27 (b) Upgrade the quality of racing in Kentucky; and

1 (c) Improve the quality of horses bred in Kentucky.

2 ➔Section 9. KRS 138.513 is amended to read as follows:

- 3 (1) (a) Beginning August 1, 2014, but before August 1, 2022, an excise tax is  
4 imposed on all advance deposit account wagering licensees licensed under  
5 KRS 230.260 at a rate of one-half of one percent (0.5%) of all amounts  
6 wagered through the licensee by Kentucky residents; and  
7 (b) Beginning August 1, 2022, an excise tax is imposed on all advance deposit  
8 account wagering licensees licensed under KRS 230.260~~[138.675]~~ at a rate of  
9 one and one-half percent (1.5%) of all amounts wagered through the licensee  
10 by Kentucky residents.  
11 (2) The tax imposed by this section shall be paid, collected, administered, and  
12 distributed as provided in KRS 138.530.

13 ➔Section 10. KRS 139.470 is amended to read as follows:

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

- 15 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this  
16 state of, tangible personal property or digital property which this state is prohibited  
17 from taxing under the Constitution or laws of the United States, or under the  
18 Constitution of this state;  
19 (2) Gross receipts from sales of, and the storage, use, or other consumption in this state  
20 of:  
21 (a) Nonreturnable and returnable containers when sold without the contents to  
22 persons who place the contents in the container and sell the contents together  
23 with the container; and  
24 (b) Returnable containers when sold with the contents in connection with a retail  
25 sale of the contents or when resold for refilling;

26 As used in this section the term "returnable containers" means containers of a kind  
27 customarily returned by the buyer of the contents for reuse. All other containers are

- 1 "nonreturnable containers";
- 2 (3) Gross receipts from occasional sales of tangible personal property or digital  
3 property and the storage, use, or other consumption in this state of tangible personal  
4 property or digital property, the transfer of which to the purchaser is an occasional  
5 sale;
- 6 (4) Gross receipts from sales of tangible personal property to a common carrier,  
7 shipped by the retailer via the purchasing carrier under a bill of lading, whether the  
8 freight is paid in advance or the shipment is made freight charges collect, to a point  
9 outside this state and the property is actually transported to the out-of-state  
10 destination for use by the carrier in the conduct of its business as a common carrier;
- 11 (5) Gross receipts from sales of tangible personal property sold through coin-operated  
12 bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the  
13 retailer is primarily engaged in making the sales and maintains records satisfactory  
14 to the department. As used in this subsection, "bulk vending machine" means a  
15 vending machine containing unsorted merchandise which, upon insertion of a coin,  
16 dispenses the same in approximately equal portions, at random and without  
17 selection by the customer;
- 18 (6) Gross receipts from sales to any cabinet, department, bureau, commission, board, or  
19 other statutory or constitutional agency of the state and gross receipts from sales to  
20 counties, cities, or special districts as defined in KRS 65.005. This exemption shall  
21 apply only to purchases of tangible personal property, digital property, or services  
22 for use solely in the government function. A purchaser not qualifying as a  
23 governmental agency or unit shall not be entitled to the exemption even though the  
24 purchaser may be the recipient of public funds or grants;
- 25 (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky  
26 residents for use in heating, water heating, cooking, lighting, and other  
27 residential uses if the sewer services, water, and fuel are purchased and

1 declared by the resident as used in his or her place of domicile.

2 (b) As used in this subsection:

3 1. "Fuel" shall include but not be limited to natural gas, electricity, fuel oil,  
4 bottled gas, coal, coke, and wood; and

5 2. "Place of domicile" means the place where an individual has his or her  
6 legal, true, fixed, and permanent home and principal establishment, and  
7 to which, whenever the individual is absent, the individual has the  
8 intention of returning.

9 (c) Determinations of eligibility for the exemption shall be made by the  
10 department.

11 (d) The exemption shall apply to charges for sewer service, water, and fuel billed  
12 to an owner or operator of a multi-unit residential rental facility or mobile  
13 home and recreational vehicle park if the owner or operator declares that the  
14 sewer services, water, and fuel are purchased for Kentucky residents to be  
15 used in the resident's place of domicile.

16 (e) The exemption shall apply also to residential property which may be held by  
17 legal or equitable title, by the entireties, jointly, in common, as a  
18 condominium, or indirectly by the stock ownership or membership  
19 representing the owner's or member's proprietary interest in a corporation  
20 owning a fee or a leasehold initially in excess of ninety-eight (98) years if the  
21 sewer services, water, and fuel are purchased for and declared by the  
22 Kentucky resident as used in his or her place of domicile;

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

27 (9) (a) Gross receipts derived from the sale of tangible personal property, as provided

1 in paragraph (b) of this subsection, to a manufacturer or industrial processor if  
2 the property is to be directly used in the manufacturing or industrial  
3 processing process of:

- 4 1. Tangible personal property at a plant facility;
- 5 2. Distilled spirits or wine at a plant facility or on the premises of a  
6 distiller, rectifier, winery, or small farm winery licensed under KRS  
7 243.030 that includes a retail establishment on the premises; or
- 8 3. Malt beverages at a plant facility or on the premises of a brewer or  
9 microbrewery licensed under KRS 243.040 that includes a retail  
10 establishment;

11 and which will be for sale.

12 (b) The following tangible personal property shall qualify for exemption under  
13 this subsection:

- 14 1. Materials which enter into and become an ingredient or component part  
15 of the manufactured product;
- 16 2. Other tangible personal property which is directly used in the  
17 manufacturing or industrial processing process, if the property has a  
18 useful life of less than one (1) year. Specifically, these items are  
19 categorized as follows:
  - 20 a. Materials. This refers to the raw materials which become an  
21 ingredient or component part of supplies or industrial tools exempt  
22 under subdivisions b. and c. below;
  - 23 b. Supplies. This category includes supplies such as lubricating and  
24 compounding oils, grease, machine waste, abrasives, chemicals,  
25 solvents, fluxes, anodes, filtering materials, fire brick, catalysts,  
26 dyes, refrigerants, and explosives. The supplies indicated above  
27 need not come in direct contact with a manufactured product to be

- 1 exempt. "Supplies" does not include repair, replacement, or spare  
2 parts of any kind; and
- 3 c. Industrial tools. This group is limited to hand tools such as jigs,  
4 dies, drills, cutters, rolls, reamers, chucks, saws, and spray guns  
5 and to tools attached to a machine such as molds, grinding balls,  
6 grinding wheels, dies, bits, and cutting blades. Normally, for  
7 industrial tools to be considered directly used in the manufacturing  
8 or industrial processing process, they shall come into direct  
9 contact with the product being manufactured or processed; and
- 10 3. Materials and supplies that are not reusable in the same manufacturing  
11 or industrial processing process at the completion of a single  
12 manufacturing or processing cycle. A single manufacturing cycle shall  
13 be considered to be the period elapsing from the time the raw materials  
14 enter into the manufacturing process until the finished product emerges  
15 at the end of the manufacturing process.
- 16 (c) The property described in paragraph (b) of this subsection shall be regarded as  
17 having been purchased for resale.
- 18 (d) For purposes of this subsection, a manufacturer or industrial processor  
19 includes an individual or business entity that performs only part of the  
20 manufacturing or industrial processing activity, and the person or business  
21 entity need not take title to tangible personal property that is incorporated  
22 into, or becomes the product of, the activity.
- 23 (e) The exemption provided in this subsection does not include repair,  
24 replacement, or spare parts;
- 25 (10) Any water use fee paid or passed through to the Kentucky River Authority by  
26 facilities using water from the Kentucky River basin to the Kentucky River  
27 Authority in accordance with KRS 151.700 to 151.730 and administrative



1 regulations promulgated by the authority;

2 (11) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage,  
3 use, or other consumption outside this state and delivered by the retailer's own  
4 vehicle to a location outside this state, or delivered to the United States Postal  
5 Service, a common carrier, or a contract carrier for delivery outside this state,  
6 regardless of whether the carrier is selected by the purchaser or retailer or an agent  
7 or representative of the purchaser or retailer, or whether the F.O.B. is retailer's  
8 shipping point or purchaser's destination.

9 (a) As used in this subsection:

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

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

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

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

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

26 (a) As used in this subsection, "metal retail fixtures" means check stands and  
27 belted and nonbelted checkout counters, whether made in bulk or pursuant to

1 specific purchaser specifications, that are to be used directly by the purchaser  
2 or to be distributed by the purchaser.

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

6 (14) Gross receipts from the sale of unenriched or enriched uranium purchased for  
7 ultimate storage, use, or other consumption outside this state and delivered to a  
8 common carrier in this state for delivery outside this state, regardless of whether the  
9 carrier is selected by the purchaser or retailer, or is an agent or representative of the  
10 purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or  
11 purchaser's destination;

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

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

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

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

- 1 (19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which  
2 is:
- 3 (a) Sold to a Kentucky resident, registered for use on the public highways, and  
4 upon which any applicable tax levied by KRS 138.460 has been paid; or
- 5 (b) Sold to a nonresident of Kentucky if the nonresident registers the motor  
6 vehicle in a state that:
- 7 1. Allows residents of Kentucky to purchase motor vehicles without  
8 payment of that state's sales tax at the time of sale; or
- 9 2. Allows residents of Kentucky to remove the vehicle from that state  
10 within a specific period for subsequent registration and use in Kentucky  
11 without payment of that state's sales tax;
- 12 (20) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and  
13 trailer as defined in KRS 189.010(17);
- 14 (21) Gross receipts from the collection of:
- 15 (a) Any fee or charge levied by a local government pursuant to KRS 65.760;
- 16 (b) The charge imposed by KRS 65.7629(3);
- 17 (c) The fee imposed by KRS 65.7634; and
- 18 (d) The service charge imposed by KRS 65.7636;
- 19 (22) Gross receipts derived from charges for labor or services to apply, install, repair, or  
20 maintain tangible personal property directly used in manufacturing or industrial  
21 processing process of:
- 22 (a) Tangible personal property at a plant facility;
- 23 (b) Distilled spirits or wine at a plant facility or on the premises of a distiller,  
24 rectifier, winery, or small farm winery licensed under KRS 243.030; or
- 25 (c) Malt beverages at a plant facility or on the premises of a brewer or  
26 microbrewery licensed under KRS 243.040;
- 27 that is not otherwise exempt under subsection (9) of this section or KRS

1 139.480(10), if the charges for labor or services are separately stated on the invoice,  
2 bill of sale, or similar document given to purchaser;

3 (23) (a) For persons selling services included in KRS 139.200(2)(g) to ~~ax~~<sup>(p)</sup> prior to  
4 January 1, ~~2025~~<sup>[2019]</sup>, gross receipts derived from the sale of those services  
5 if the gross receipts were less than ~~twelve~~<sup>[six]</sup> thousand dollars  
6 ~~(\$12,000)~~<sup>[\$6,000]</sup> during calendar year ~~2024~~<sup>[2018]</sup>. When gross receipts  
7 from these services exceed ~~twelve~~<sup>[six]</sup> thousand dollars ~~(\$12,000)~~<sup>[\$6,000]</sup>  
8 in a calendar year:

- 9 1. All gross receipts over ~~twelve~~<sup>[six]</sup> thousand dollars ~~(\$12,000)~~<sup>[\$6,000]</sup>  
10 are taxable in that calendar year; and
- 11 2. All gross receipts are subject to tax in subsequent calendar years.

12 ~~(b) [For persons selling services included in KRS 139.200(2)(q) to (ax) prior to~~  
13 ~~January 1, 2023, gross receipts derived from the sale of those services if the~~  
14 ~~gross receipts were less than six thousand dollars (\$6,000) during calendar~~  
15 ~~year 2021. When gross receipts from these services exceed six thousand~~  
16 ~~dollars (\$6,000) in a calendar year:~~

- 17 ~~1. All gross receipts over six thousand dollars (\$6,000) are taxable in that~~  
18 ~~calendar year; and~~
- 19 ~~2. All gross receipts are subject to tax in subsequent calendar years.~~

20 ~~(c)~~ The exemption provided in this subsection shall not apply to a person also  
21 engaged in the business of selling tangible personal property, digital property,  
22 or services included in KRS 139.200(2)(a) to (f); and

23 (24) (a) For persons that first begin making sales of services included in KRS  
24 139.200(2)(g) to ~~ax~~<sup>(p)</sup> on or after January 1, ~~2025~~<sup>[2019]</sup>, gross receipts  
25 derived from the sale of those services if the gross receipts are less than  
26 ~~twelve~~<sup>[six]</sup> thousand dollars ~~(\$12,000)~~<sup>[\$6,000]</sup> within the first calendar year  
27 of operation. When gross receipts from these services exceed ~~twelve~~<sup>[six]</sup>

1 thousand dollars ~~(\$12,000)~~ ~~(\$6,000)~~ in a calendar year:

2 1. All gross receipts over ~~twelve~~ ~~[six]~~ thousand dollars ~~(\$12,000)~~ ~~(\$6,000)~~  
3 are taxable in that calendar year; and

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

5 (b) ~~[For persons that first begin making sales of services included in KRS~~  
6 ~~139.200(2)(q) to (ax) on or after January 1, 2023, gross receipts derived from~~  
7 ~~the sale of those services if the gross receipts are less than six thousand dollars~~  
8 ~~(\$6,000) within the first calendar year of operation. When gross receipts from~~  
9 ~~these services exceed six thousand dollars (\$6,000) in a calendar year:~~

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

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

13 (c) ~~]~~The exemption provided in this subsection shall not apply to a person that is  
14 also engaged in the business of selling tangible personal property, digital  
15 property, or services included in KRS 139.200(2)(a) to (f).

16 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO  
17 READ AS FOLLOWS:

18 **(1) As used in this section:**

19 **(a) "Eligible equipment or services" means the equipment used in the**  
20 **expansion of broadband services in Kentucky and includes:**

21 **1. Wires, cables, fiber, conduits, antennas, poles, switches, routers,**  
22 **amplifiers, rectifiers, repeaters, receivers, multiplexers, transmitters,**  
23 **circuit cards, insulating and protective materials and cases, power**  
24 **equipment, backup power equipment, diagnostic equipment, storage**  
25 **devices, and modems;**

26 **2. General central office or headend equipment, including:**

27 **a. Channel cards;**

- 1                    *b. Frames; and*
- 2                    *c. Cabinets;*
- 3                    *3. Equipment used in successor technologies, including items used to*
- 4                    *monitor, test, maintain, enable, or facilitate:*
- 5                    *a. Eligible equipment or services;*
- 6                    *b. Machinery;*
- 7                    *c. Software;*
- 8                    *d. Ancillary components;*
- 9                    *e. Appurtenances; and*
- 10                   *f. Accessories; and*
- 11                   *4. Any other infrastructure that is used in whole or in part to provide or*
- 12                   *expand broadband communications services; and*
- 13                   *(b) "Qualified broadband investment":*
- 14                   *1. Means the purchase or lease of any eligible equipment or services by*
- 15                   *any provider that Kentucky sales and use tax has been paid under*
- 16                   *KRS Chapter 139; and*
- 17                   *2. Does not include the purchase or lease of personal consumer*
- 18                   *electronics, including:*
- 19                   *a. Smartphones;*
- 20                   *b. Computers;*
- 21                   *c. Tablets;*
- 22                   *d. Consumer-grade modems; and*
- 23                   *e. Routers.*
- 24                   *(2) For taxable years beginning on or after January 1, 2025, but before January 1,*
- 25                   *2029, there is hereby created a qualified broadband investment tax credit to*
- 26                   *provide for the expansion of broadband services in this state.*
- 27                   *(3) (a) The credit in subsection (2) of this section shall be nonrefundable,*

1           nontransferable, and allowed against the tax imposed under KRS 141.020  
2           or 141.040 and 141.0401 with the ordering of the credit as provided in  
3           Section 12 of this Act.

4           **(b) The tax credit shall be equal to the amount of sales tax actually paid on the**  
5           **qualified broadband investment:**

6           **1. Reduced by the amount of seller reimbursement allowed under KRS**  
7           **139.570; and**

8           **2. Limited to:**

9           **a. Fifty percent (50%) of the amount determined under**  
10           **subparagraph 1. of this paragraph for a taxpayer; and**

11           **b. A total of five million dollars (\$5,000,000) for all tax credits in**  
12           **each taxable year in which the credit is available.**

13           **(4) (a) Beginning with calendar year 2025, any taxpayer who intends to take the**  
14           **credit for a qualified broadband investment tax credit shall:**

15           **1. Submit an application for approval to the department on a form**  
16           **prescribed by the department prior to December 31, 2025, and each**  
17           **December 31 thereafter as long as the credit is available; and**

18           **2. Provide:**

19           **a. The taxpayer's identification number;**

20           **b. The amount of sales and use tax that the taxpayer remitted or**  
21           **intends to remit for the qualified broadband investment; and**

22           **c. A statement of how approval of this tax credit will result in**  
23           **greater investment in this state by:**

24           **i. Expansion of broadband services;**

25           **ii. An upgrade to existing broadband infrastructure; or**

26           **iii. An increase of access to broadband for the residents in this**  
27           **state.**

1       **(b) The department shall:**

2               **1. Review all submitted applications no later than January 15, 2026, and**  
3               **each January 15 thereafter as long as the credit is available; and**

4               **2. By February 1 following the end of the calendar year, provide a letter**  
5               **to the taxpayer indicating approval and amount of tax credit to be**  
6               **awarded.**

7       **(5) A taxpayer approved for credit under subsection (4) of this section shall submit**  
8       **with their return, verification of the sales and use tax remitted on the qualified**  
9       **broadband investment, which may include:**

10              **(a) Receipt of eligible equipment or services purchased; or**

11              **(b) Lease agreement for eligible equipment or services.**

12       **(6) If the total amount of credits granted approval under subsection (4) of this**  
13       **section exceeds five million dollars (\$5,000,000), each taxpayer shall receive no**  
14       **more than its applicable pro rata share of the five million dollar (\$5,000,000)**  
15       **limit.**

16       **(7) (a) In order for the General Assembly to evaluate the effectiveness of the**  
17       **qualified broadband investment tax credit, the department shall submit the**  
18       **following information to the Legislative Research Commission for referral**  
19       **to the Interim Joint Committee on Appropriations and Revenue on or before**  
20       **November 1, 2026, and on or before each November 1 thereafter as long as**  
21       **the credit may be claimed on a return:**

22              **1. The location of the taxpayer, by county, as reflected on the return filed**  
23              **for the taxable year;**

24              **2. The amount of qualified broadband investment tax credit claimed by**  
25              **the taxpayer for the taxable year;**

26              **3. The total cumulative amount of all qualified broadband investment tax**  
27              **credits claimed for the taxable year; and**



1           **4. a. In the case of all taxpayers other than corporations, based on**  
2                                   **ranges of adjusted gross income of no larger than five thousand**  
3                                   **dollars (\$5,000) for the taxable year, the total amount of**  
4                                   **qualified broadband investment tax credit claimed and the total**  
5                                   **number of returns claiming this tax credit for each income**  
6                                   **range; and**

7           **b. In the case of all corporations, based on ranges of net income no**  
8                                   **larger than fifty thousand dollars (\$50,000) for the taxable year,**  
9                                   **the total amount of tax credit claimed and the number of returns**  
10                                   **claiming a tax credit for each net income range.**

11           **(b) The information required to be reported under this section shall not be**  
12                                   **considered confidential taxpayer information and shall not be subject to**  
13                                   **KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes**  
14                                   **prohibiting disclosure or reporting of information.**

15           ➔Section 12. KRS 141.0205 is amended to read as follows:

16           If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax  
17           imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of  
18           the credits shall be determined as follows:

19           (1) The nonrefundable business incentive credits against the tax imposed by KRS  
20           141.020 shall be taken in the following order:

21           (a) The limited liability entity tax credit permitted by KRS 141.0401;

22           (b) The economic development credits computed under KRS 141.347, 141.381,  
23           141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and  
24           154.12-2088;

25           (c) The qualified farming operation credit permitted by KRS 141.412;

26           (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);

27           (e) The health insurance credit permitted by KRS 141.062;

- 1 (f) The tax paid to other states credit permitted by KRS 141.070;
- 2 (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 3 (h) The recycling or composting equipment credit permitted by KRS 141.390;
- 4 (i) The tax credit for cash contributions in investment funds permitted by KRS
- 5 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
- 6 154.20-258;
- 7 (j) The research facilities credit permitted by KRS 141.395;
- 8 (k) The employer High School Equivalency Diploma program incentive credit
- 9 permitted under KRS 151B.402;
- 10 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 11 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 12 (n) The clean coal incentive credit permitted by KRS 141.428;
- 13 (o) The ethanol credit permitted by KRS 141.4242;
- 14 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 15 (q) The energy efficiency credits permitted by KRS 141.436;
- 16 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 17 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 18 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 19 (u) The distilled spirits credit permitted by KRS 141.389;
- 20 (v) The angel investor credit permitted by KRS 141.396;
- 21 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 22 on or after April 27, 2018, but before January 1, 2022;
- 23 (x) The inventory credit permitted by KRS 141.408;~~and~~
- 24 (y) The renewable chemical production credit permitted by KRS 141.4231; **and**
- 25 **(z) The qualified broadband investment tax credit permitted by Section 11 of**
- 26 **this Act;**
- 27 (2) After the application of the nonrefundable credits in subsection (1) of this section,

1 the nonrefundable personal tax credits against the tax imposed by KRS 141.020  
2 shall be taken in the following order:

- 3 (a) The individual credits permitted by KRS 141.020(3);
- 4 (b) The credit permitted by KRS 141.066;
- 5 (c) The tuition credit permitted by KRS 141.069;
- 6 (d) The household and dependent care credit permitted by KRS 141.067;
- 7 (e) The income gap credit permitted by KRS 141.066; and
- 8 (f) The Education Opportunity Account Program tax credit permitted by KRS  
9 141.522;

10 (3) After the application of the nonrefundable credits provided for in subsection (2) of  
11 this section, the refundable credits against the tax imposed by KRS 141.020 shall be  
12 taken in the following order:

- 13 (a) The individual withholding tax credit permitted by KRS 141.350;
- 14 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 15 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and  
16 171.397(1)(b);
- 17 (d) The film industry tax credit permitted by KRS 141.383 for applications  
18 approved prior to April 27, 2018, or on or after January 1, 2022;
- 19 (e) The development area tax credit permitted by KRS 141.398;
- 20 (f) The decontamination tax credit permitted by KRS 141.419; and
- 21 (g) The pass-through entity tax credit permitted by KRS 141.209;

22 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the  
23 tax imposed by KRS 141.040;

24 (5) The following nonrefundable credits shall be applied against the sum of the tax  
25 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)  
26 of this section, and the tax imposed by KRS 141.0401 in the following order:

- 27 (a) The economic development credits computed under KRS 141.347, 141.381,

- 1           141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and  
2           154.12-2088;
- 3           (b) The qualified farming operation credit permitted by KRS 141.412;
- 4           (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 5           (d) The health insurance credit permitted by KRS 141.062;
- 6           (e) The unemployment credit permitted by KRS 141.065;
- 7           (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 8           (g) The coal conversion credit permitted by KRS 141.041;
- 9           (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods  
10           ending prior to January 1, 2008;
- 11           (i) The tax credit for cash contributions to investment funds permitted by KRS  
12           154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS  
13           154.20-258;
- 14           (j) The research facilities credit permitted by KRS 141.395;
- 15           (k) The employer High School Equivalency Diploma program incentive credit  
16           permitted by KRS 151B.402;
- 17           (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 18           (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 19           (n) The clean coal incentive credit permitted by KRS 141.428;
- 20           (o) The ethanol credit permitted by KRS 141.4242;
- 21           (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 22           (q) The energy efficiency credits permitted by KRS 141.436;
- 23           (r) The ENERGY STAR home or ENERGY STAR manufactured home credit  
24           permitted by KRS 141.437;
- 25           (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 26           (t) The railroad expansion credit permitted by KRS 141.386;
- 27           (u) The Endow Kentucky credit permitted by KRS 141.438;

- 1 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 2 (w) The distilled spirits credit permitted by KRS 141.389;
- 3 (x) The film industry credit permitted by KRS 141.383 for applications approved
- 4 on or after April 27, 2018, but before January 1, 2022;
- 5 (y) The inventory credit permitted by KRS 141.408;
- 6 (z) The renewable chemical production tax credit permitted by KRS 141.4231;f
- 7 ~~and~~
- 8 (aa) The Education Opportunity Account Program tax credit permitted by KRS
- 9 141.522; and
- 10 **(ab) The qualified broadband investment tax credit permitted by Section 11 of**
- 11 **this Act; and**
- 12 (6) After the application of the nonrefundable credits in subsection (5) of this section,
- 13 the refundable credits shall be taken in the following order:
- 14 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 15 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 16 171.397(1)(b);
- 17 (c) The film industry tax credit permitted by KRS 141.383 for applications
- 18 approved prior to April 27, 2018, or on or after January 1, 2022;
- 19 (d) The decontamination tax credit permitted by KRS 141.419; and
- 20 (e) The pass-through entity tax credit permitted by KRS 141.209.
- 21 ➔Section 13. KRS 131.190 is amended to read as follows:
- 22 (1) No present or former commissioner or employee of the department, present or
- 23 former member of a county board of assessment appeals, present or former property
- 24 valuation administrator or employee, present or former secretary or employee of the
- 25 Finance and Administration Cabinet, former secretary or employee of the Revenue
- 26 Cabinet, or any other person, shall intentionally and without authorization inspect
- 27 or divulge any information acquired by him or her of the affairs of any person, or

1 information regarding the tax schedules, returns, or reports required to be filed with  
2 the department or other proper officer, or any information produced by a hearing or  
3 investigation, insofar as the information may have to do with the affairs of the  
4 person's business.

5 (2) The prohibition established by subsection (1) of this section shall not extend to:

- 6 (a) Information required in prosecutions for making false reports or returns of  
7 property for taxation, or any other infraction of the tax laws;
- 8 (b) Any matter properly entered upon any assessment record, or in any way made  
9 a matter of public record;
- 10 (c) Furnishing any taxpayer or his or her properly authorized agent with  
11 information respecting his or her own return;
- 12 (d) Testimony provided by the commissioner or any employee of the department  
13 in any court, or the introduction as evidence of returns or reports filed with the  
14 department, in an action for violation of state or federal tax laws or in any  
15 action challenging state or federal tax laws;
- 16 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or  
17 energy resources assessed under KRS 132.820, or owners of surface land  
18 under which the unmined minerals lie, factual information about the owner's  
19 property derived from third-party returns filed for that owner's property, under  
20 the provisions of KRS 132.820, that is used to determine the owner's  
21 assessment. This information shall be provided to the owner on a confidential  
22 basis, and the owner shall be subject to the penalties provided in KRS  
23 131.990(2). The third-party filer shall be given prior notice of any disclosure  
24 of information to the owner that was provided by the third-party filer;
- 25 (f) Providing to a third-party purchaser pursuant to an order entered in a  
26 foreclosure action filed in a court of competent jurisdiction, factual  
27 information related to the owner or lessee of coal, oil, gas reserves, or any

- 1 other mineral resources assessed under KRS 132.820. The department may  
2 promulgate an administrative regulation establishing a fee schedule for the  
3 provision of the information described in this paragraph. Any fee imposed  
4 shall not exceed the greater of the actual cost of providing the information or  
5 ten dollars (\$10);
- 6 (g) Providing information to a licensing agency, the Transportation Cabinet, or  
7 the Kentucky Supreme Court under KRS 131.1817;
- 8 (h) Statistics of gasoline and special fuels gallonage reported to the department  
9 under KRS 138.210 to 138.448;
- 10 (i) Providing any utility gross receipts license tax return information that is  
11 necessary to administer the provisions of KRS 160.613 to 160.617 to  
12 applicable school districts on a confidential basis;
- 13 (j) Providing documents, data, or other information to a third party pursuant to an  
14 order issued by a court of competent jurisdiction;~~or~~
- 15 (k) **Publishing administrative writings on its official website in accordance with**  
16 **subsection (1)(b) of Section 23 of this Act; or**
- 17 **(l)** Providing information to the Legislative Research Commission under:
- 18 1. KRS 139.519 for purposes of the sales and use tax refund on building  
19 materials used for disaster recovery;
  - 20 2. KRS 141.436 for purposes of the energy efficiency products credits;
  - 21 3. KRS 141.437 for purposes of the ENERGY STAR home and the  
22 ENERGY STAR manufactured home credits;
  - 23 4. KRS 141.383 for purposes of the film industry incentives;
  - 24 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization  
25 tax credits and the job assessment fees;
  - 26 6. KRS 141.068 for purposes of the Kentucky investment fund;
  - 27 7. KRS 141.396 for purposes of the angel investor tax credit;

- 1           8.    KRS 141.389 for purposes of the distilled spirits credit;
- 2           9.    KRS 141.408 for purposes of the inventory credit;
- 3           10. KRS 141.390 for purposes of the recycling and composting credit;
- 4           11. KRS 141.3841 for purposes of the selling farmer tax credit;
- 5           12. KRS 141.4231 for purposes of the renewable chemical production tax
- 6                 credit;
- 7           13. KRS 141.524 for purposes of the Education Opportunity Account
- 8                 Program tax credit;
- 9           14. KRS 141.398 for purposes of the development area tax credit;
- 10          15. KRS 139.516 for the purposes of the sales and use tax exemption on the
- 11                 commercial mining of cryptocurrency;~~and~~
- 12          16. KRS 141.419 for purposes of the decontamination tax credit;
- 13          17. Section 11 of this Act for purposes of the qualified broadband
- 14                 investment tax credit; and
- 15          18. Section 42 of this Act for purposes of the sales tax exemption for a
- 16                 qualified data center project.

17 (3) The commissioner shall make available any information for official use only and on  
 18 a confidential basis to the proper officer, agency, board or commission of this state,  
 19 any Kentucky county, any Kentucky city, any other state, or the federal  
 20 government, under reciprocal agreements whereby the department shall receive  
 21 similar or useful information in return.

22 (4) Access to and inspection of information received from the Internal Revenue Service  
 23 is for department use only, and is restricted to tax administration purposes.  
 24 Information received from the Internal Revenue Service shall not be made available  
 25 to any other agency of state government, or any county, city, or other state, and  
 26 shall not be inspected intentionally and without authorization by any present  
 27 secretary or employee of the Finance and Administration Cabinet, commissioner or



1 employee of the department, or any other person.

2 (5) Statistics of crude oil as reported to the department under the crude oil excise tax  
3 requirements of KRS Chapter 137 and statistics of natural gas production as  
4 reported to the department under the natural resources severance tax requirements  
5 of KRS Chapter 143A may be made public by the department by release to the  
6 Energy and Environment Cabinet, Department for Natural Resources.

7 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map  
8 submissions for the 1989 tax year, the department may make public or divulge only  
9 those portions of mine maps submitted by taxpayers to the department pursuant to  
10 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-  
11 out parcel areas. These electronic maps shall not be relied upon to determine actual  
12 boundaries of mined-out parcel areas. Property boundaries contained in mine maps  
13 required under KRS Chapters 350 and 352 shall not be construed to constitute land  
14 surveying or boundary surveys as defined by KRS 322.010 and any administrative  
15 regulations promulgated thereto.

16 ➔Section 14. KRS 141.010 is amended to read as follows:

17 As used in this chapter, for taxable years beginning on or after January 1, 2018:

18 (1) "Adjusted gross income," in the case of taxpayers other than corporations, means  
19 the amount calculated in KRS 141.019;

20 (2) "Captive real estate investment trust" means a real estate investment trust as defined  
21 in Section 856 of the Internal Revenue Code that meets the following requirements:

22 (a) 1. The shares or other ownership interests of the real estate investment  
23 trust are not regularly traded on an established securities market; or

24 2. The real estate investment trust does not have enough shareholders or  
25 owners to be required to register with the Securities and Exchange  
26 Commission;

27 (b) 1. The maximum amount of stock or other ownership interest that is owned

- 1 or constructively owned by a corporation equals or exceeds:
- 2 a. Twenty-five percent (25%), if the corporation does not occupy
- 3 property owned, constructively owned, or controlled by the real
- 4 estate investment trust; or
- 5 b. Ten percent (10%), if the corporation occupies property owned,
- 6 constructively owned, or controlled by the real estate investment
- 7 trust.

8 The total ownership interest of a corporation shall be determined by

9 aggregating all interests owned or constructively owned by a

10 corporation; and

- 11 2. For the purposes of this paragraph:
- 12 a. "Corporation" means a corporation taxable under KRS 141.040,
- 13 and includes an affiliated group as defined in KRS 141.200, that is
- 14 required to file a consolidated return pursuant to KRS 141.200;
- 15 and
- 16 b. "Owned or constructively owned" means owning shares or having
- 17 an ownership interest in the real estate investment trust, or owning
- 18 an interest in an entity that owns shares or has an ownership
- 19 interest in the real estate investment trust. Constructive ownership
- 20 shall be determined by looking across multiple layers of a
- 21 multilayer pass-through structure; and

22 (c) The real estate investment trust is not owned by another real estate investment

23 trust;

24 (3) "Commissioner" means the commissioner of the department;

25 (4) "Corporation" has the same meaning as in Section 7701(a)(3) of the Internal

26 Revenue Code;

27 (5) "Critical infrastructure" means property and equipment owned or used by

- 1           communications networks, electric generation, transmission or distribution systems,  
2           gas distribution systems, or water or wastewater pipelines that service multiple  
3           customers or citizens, including but not limited to real and personal property such  
4           as buildings, offices, lines, poles, pipes, structures, or equipment;
- 5       (6) "Declared state disaster or emergency" means a disaster or emergency event for  
6       which:
- 7           (a) The Governor has declared a state of emergency pursuant to KRS 39A.100; or  
8           (b) A presidential declaration of a federal major disaster or emergency has been  
9           issued;
- 10       (7) "Department" means the Department of Revenue;
- 11       (8) "Dependent" means those persons defined as dependents in the Internal Revenue  
12       Code;
- 13       (9) "Disaster or emergency-related work" means repairing, renovating, installing,  
14       building, or rendering services that are essential to the restoration of critical  
15       infrastructure that has been damaged, impaired, or destroyed by a declared state  
16       disaster or emergency;
- 17       (10) "Disaster response business" means any entity:
- 18           (a) That has no presence in the state and conducts no business in the state, except  
19           for disaster or emergency-related work during a disaster response period;
- 20           (b) Whose services are requested by a registered business or by a state or local  
21           government for purposes of performing disaster or emergency-related work in  
22           the state during a disaster response period; and
- 23           (c) That has no registrations, tax filings, or nexus in this state other than disaster  
24           or emergency-related work during the calendar year immediately preceding  
25           the declared state disaster or emergency;
- 26       (11) "Disaster response employee" means an employee who does not work or reside in  
27       the state, except for disaster or emergency-related work during the disaster response

1 period;

2 (12) "Disaster response period" means a period that begins ten (10) days prior to the first  
3 day of the Governor's declaration under KRS 39A.100, or the President's  
4 declaration of a federal major disaster or emergency, whichever occurs first, and  
5 that extends thirty (30) calendar days after the declared state disaster or emergency;

6 (13) "Doing business in this state" includes but is not limited to:

7 (a) Being organized under the laws of this state;

8 (b) Having a commercial domicile in this state;

9 (c) Owning or leasing property in this state;

10 (d) Having one (1) or more individuals performing services in this state;

11 (e) Maintaining an interest in a pass-through entity doing business in this state;

12 (f) Deriving income from or attributable to sources within this state, including  
13 deriving income directly or indirectly from a trust doing business in this state,  
14 or deriving income directly or indirectly from a single-member limited  
15 liability company that is doing business in this state and is disregarded as an  
16 entity separate from its single member for federal income tax purposes; or

17 (g) Directing activities at Kentucky customers for the purpose of selling them  
18 goods or services.

19 Nothing in this subsection shall be interpreted in a manner that goes beyond the  
20 limitations imposed and protections provided by the United States Constitution or  
21 Pub. L. No. 86-272;

22 (14) "Employee" has the same meaning as in Section 3401(c) of the Internal Revenue  
23 Code;

24 (15) "Employer" has the same meaning as in Section 3401(d) of the Internal Revenue  
25 Code;

26 (16) "Fiduciary" has the same meaning as in Section 7701(a)(6) of the Internal Revenue  
27 Code;

- 1 (17) "Financial institution" means:
- 2 (a) A national bank organized as a body corporate and existing or in the process
- 3 of organizing as a national bank association pursuant to the provisions of the
- 4 National Bank Act, 12 U.S.C. secs. 21 et seq., in effect on December 31,
- 5 1997, exclusive of any amendments made subsequent to that date;
- 6 (b) Any bank or trust company incorporated or organized under the laws of any
- 7 state, except a banker's bank organized under KRS 286.3-135;
- 8 (c) Any corporation organized under the provisions of 12 U.S.C. secs. 611 to 631,
- 9 in effect on December 31, 1997, exclusive of any amendments made
- 10 subsequent to that date, or any corporation organized after December 31,
- 11 1997, that meets the requirements of 12 U.S.C. secs. 611 to 631, in effect on
- 12 December 31, 1997; or
- 13 (d) Any agency or branch of a foreign depository as defined in 12 U.S.C. sec.
- 14 3101, in effect on December 31, 1997, exclusive of any amendments made
- 15 subsequent to that date, or any agency or branch of a foreign depository
- 16 established after December 31, 1997, that meets the requirements of 12 U.S.C.
- 17 sec. 3101 in effect on December 31, 1997;
- 18 (18) "Fiscal year" has the same meaning as in Section 7701(a)(24) of the Internal
- 19 Revenue Code;
- 20 (19) "Gross income":
- 21 (a) In the case of taxpayers other than corporations, has the same meaning as in
- 22 Section 61 of the Internal Revenue Code; and
- 23 (b) In the case of corporations, means the amount calculated in KRS 141.039;
- 24 (20) "Individual" means a natural person;
- 25 (21) "Internal Revenue Code" means for taxable years beginning on or after January 1,
- 26 2024~~[2023]~~, the Internal Revenue Code in effect on December 31, 2023~~[2022]~~,
- 27 exclusive of any amendments made subsequent to that date, other than amendments

1 that extend provisions in effect on December 31, 2023~~[2022]~~, that would otherwise  
2 terminate;

3 (22) "Limited liability pass-through entity" means any pass-through entity that affords  
4 any of its partners, members, shareholders, or owners, through function of the laws  
5 of this state or laws recognized by this state, protection from general liability for  
6 actions of the entity;

7 (23) "Modified gross income" means the greater of:

8 (a) Adjusted gross income as defined in 26 U.S.C. sec. 62, including any  
9 amendments in effect on December 31 of the taxable year, and adjusted as  
10 follows:

11 1. Include interest income derived from obligations of sister states and  
12 political subdivisions thereof; and

13 2. Include lump-sum pension distributions taxed under the special  
14 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or

15 (b) Adjusted gross income as defined in subsection (1) of this section and  
16 adjusted to include lump-sum pension distributions taxed under the special  
17 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);

18 (24) "Net income":

19 (a) In the case of taxpayers other than corporations, means the amount calculated  
20 in KRS 141.019; and

21 (b) In the case of corporations, means the amount calculated in KRS 141.039;

22 (25) "Nonresident" means any individual not a resident of this state;

23 (26) "Number of withholding exemptions claimed" means the number of withholding  
24 exemptions claimed in a withholding exemption certificate in effect under KRS  
25 141.325, except that if no such certificate is in effect, the number of withholding  
26 exemptions claimed shall be considered to be zero;

27 (27) "Part-year resident" means any individual that has established or abandoned

- 1 Kentucky residency during the calendar year;
- 2 (28) "Pass-through entity" means any partnership, S corporation, limited liability  
3 company, limited liability partnership, limited partnership, or similar entity  
4 recognized by the laws of this state that is not taxed for federal purposes at the  
5 entity level, but instead passes to each partner, member, shareholder, or owner their  
6 proportionate share of income, deductions, gains, losses, credits, and any other  
7 similar attributes;
- 8 (29) "Payroll period" has the same meaning as in Section 3401(b) of the Internal  
9 Revenue Code;
- 10 (30) "Person" has the same meaning as in Section 7701(a)(1) of the Internal Revenue  
11 Code;
- 12 (31) "Registered business" means a business entity that owns or otherwise possesses  
13 critical infrastructure and that is registered to do business in the state prior to the  
14 declared state disaster or emergency;
- 15 (32) "Resident" means an individual domiciled within this state or an individual who is  
16 not domiciled in this state, but maintains a place of abode in this state and spends in  
17 the aggregate more than one hundred eighty-three (183) days of the taxable year in  
18 this state;
- 19 (33) "S corporation" has the same meaning as in Section 1361(a) of the Internal Revenue  
20 Code;
- 21 (34) "State" means a state of the United States, the District of Columbia, the  
22 Commonwealth of Puerto Rico, or any territory or possession of the United States;
- 23 (35) "Taxable net income":
- 24 (a) In the case of corporations that are taxable in this state, means "net income" as  
25 defined in subsection (24) of this section;
- 26 (b) In the case of corporations that are taxable in this state and taxable in another  
27 state, means "net income" as defined in subsection (24) of this section and as

1 allocated and apportioned under KRS 141.120;

2 (c) For homeowners' associations as defined in Section 528(c) of the Internal  
3 Revenue Code, means "taxable income" as defined in Section 528(d) of the  
4 Internal Revenue Code. Notwithstanding the provisions of subsection (21) of  
5 this section, the Internal Revenue Code sections referred to in this paragraph  
6 shall be those code sections in effect for the applicable tax year; and

7 (d) For a corporation that meets the requirements established under Section 856  
8 of the Internal Revenue Code to be a real estate investment trust, means "real  
9 estate investment trust taxable income" as defined in Section 857(b)(2) of the  
10 Internal Revenue Code, except that a captive real estate investment trust shall  
11 not be allowed any deduction for dividends paid;

12 (36) "Taxable year" means the calendar year or fiscal year ending during such calendar  
13 year, upon the basis of which net income is computed, and in the case of a return  
14 made for a fractional part of a year under the provisions of this chapter or under  
15 administrative regulations prescribed by the commissioner, "taxable year" means  
16 the period for which the return is made; and

17 (37) "Wages" has the same meaning as in Section 3401(a) of the Internal Revenue Code  
18 and includes other income subject to withholding as provided in Section 3401(f)  
19 and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code.

20 ➔Section 15. KRS 141.020 is amended to read as follows:

21 (1) An annual tax shall be paid for each taxable year by every resident individual of  
22 this state upon his or her entire net income as defined in this chapter. The tax shall  
23 be determined by applying the rates in subsection (2) of this section to net income  
24 and subtracting allowable tax credits provided in subsection (3) of this section.

25 (2) (a) As used in this subsection:

26 1. "Balance in the BRTF at the end of a fiscal year" means the budget  
27 reserve trust fund account established in KRS 48.705 and includes the



- 1 following amounts and actions resulting from the final close of the fiscal  
 2 year:
- 3 a. The amount of moneys in the fund at the end of a fiscal year;
  - 4 b. All close-out actions related to a budget reduction plan under KRS  
 5 48.130 or as modified in a branch budget bill; and
  - 6 c. All close-out actions related to the surplus expenditure plan under  
 7 KRS 48.140 or as modified in a branch budget bill;
- 8 2. "GF appropriations" means the authorization by the General Assembly  
 9 to expend GF moneys, excluding:
- 10 a. Continuing appropriations;
  - 11 b. Any appropriation to the budget reserve trust fund;~~and~~
  - 12 c. Any lump-sum appropriation to a state-administered retirement  
 13 system, as defined in KRS 7A.210, that is in excess of the  
 14 appropriations specifically budgeted to meet the recurring  
 15 statutorily required contributions or recurring actuarially  
 16 determined contributions for a state-administered retirement  
 17 system under KRS 21.525, 61.565, 61.702, 78.635, 78.5536, or  
 18 161.550, as applicable; and
  - 19 d. Any appropriation from the budget reserve trust fund account  
 20 established in KRS 48.705 that is:
    - 21 i. Solely supported by moneys from the budget reserve trust  
 22 fund account; and
    - 23 ii. Specifically identified in the appropriation language as not  
 24 being a GF appropriation for the purposes of this section;
- 25 3. "GF moneys" means receipts deposited in the general fund defined in  
 26 KRS 48.010, excluding tobacco moneys deposited in the fund  
 27 established in KRS 248.654;

- 1           4. "IIT equivalent" means the amount of reduction in GF moneys resulting  
2           from a one (1) percentage point reduction to the individual income tax  
3           rate and shall be calculated by dividing the actual individual income tax  
4           receipts for the fiscal year under consideration by:
- 5           a. The sum of:
- 6                 i. The individual income tax rate, expressed as a percentage,  
7                 for the first six (6) months of the fiscal year; and  
8                 ii. The individual income tax rate, expressed as a percentage,  
9                 for the second six (6) months of the fiscal year; and
- 10           b. Dividing the sum determined in subdivision a. of this  
11           subparagraph by two (2);
- 12           5. "Reduction conditions" means:
- 13           a. The balance in the BRTF at the end of a fiscal year shall be equal  
14           to or greater than ten percent (10%) of the GF moneys for that  
15           fiscal year; and
- 16           b. GF moneys at the end of a fiscal year shall be equal to or greater  
17           than GF appropriations for that fiscal year plus the IIT equivalent  
18           for that fiscal year; and
- 19           6. "Tax rate reduction" means the current tax rate minus five-tenths of one  
20           percent (0.5%).
- 21           (b) For taxable years beginning on or after January 1, 2023, but prior to January  
22           1, 2024, the tax shall be four and one-half percent (4.5%) of net income.
- 23           (c) For taxable years beginning on or after January 1, 2024, the tax shall be four  
24           percent (4%) of net income.
- 25           (d) 1. For taxable years beginning on or after January 1, 2025, the income tax  
26           rate may be reduced according to the annual process established in  
27           subparagraphs 2. to 5. of this paragraph.

- 1           2.   The Office of State Budget Director shall review the reduction  
2                   conditions for the fiscal year 2022-2023 no later than September 1,  
3                   2023.
- 4           3.   After reviewing the reduction conditions under subparagraph 2. of this  
5                   paragraph, the Office of State Budget Director shall, no later than  
6                   September 5, 2023, report to the Interim Joint Committee on  
7                   Appropriations and Revenue:
- 8                   a.   Whether the reduction conditions for the fiscal year 2022-2023  
9                   have been met; and
- 10                  b.   The amounts associated with each item within the reduction  
11                   conditions used for making that determination.
- 12           4.   a.   If the reduction conditions have been met for fiscal year 2022-  
13                   2023, the General Assembly may take action to reduce the rate in  
14                   paragraph (c) of this subsection for the taxable year beginning  
15                   January 1, 2025.
- 16                  b.   If the reduction conditions have not been met for fiscal year 2022-  
17                   2023 or the General Assembly does not take action to reduce the  
18                   rate in paragraph (c) of this subsection, the department shall  
19                   maintain the rate in paragraph (c) of this subsection for the taxable  
20                   year beginning January 1, 2025.
- 21           5.   a.   The Office of State Budget Director shall implement an annual  
22                   process to review and report future reduction conditions at the  
23                   same time and in the same manner for each fiscal year subsequent  
24                   to the fiscal year 2022-2023 and each taxable year subsequent to  
25                   the taxable year beginning January 1, 2025.
- 26                  b.   The department shall not implement an income tax rate reduction  
27                   without an action by the General Assembly.

- 1                   c.     The annual process shall continue until the income tax rate is zero.
- 2           (e)   For taxable years beginning on or after January 1, 2018, but before January 1,  
3                   2023, the tax shall be five percent (5%) of net income.
- 4           (f)   For taxable years beginning after December 31, 2004, and before January 1,  
5                   2018, the tax shall be determined by applying the following rates to net  
6                   income:
- 7                   1.   Two percent (2%) of the amount of net income up to three thousand  
8                   dollars (\$3,000);
- 9                   2.   Three percent (3%) of the amount of net income over three thousand  
10                   dollars (\$3,000) and up to four thousand dollars (\$4,000);
- 11                   3.   Four percent (4%) of the amount of net income over four thousand  
12                   dollars (\$4,000) and up to five thousand dollars (\$5,000);
- 13                   4.   Five percent (5%) of the amount of net income over five thousand  
14                   dollars (\$5,000) and up to eight thousand dollars (\$8,000);
- 15                   5.   Five and eight-tenths percent (5.8%) of the amount of net income over  
16                   eight thousand dollars (\$8,000) and up to seventy-five thousand dollars  
17                   (\$75,000); and
- 18                   6.   Six percent (6%) of the amount of net income over seventy-five  
19                   thousand dollars (\$75,000).
- 20   (3)   (a)   The following tax credits, when applicable, shall be deducted from the result  
21                   obtained under subsection (2) of this section to arrive at the annual tax:
- 22                   1.   a.   For taxable years beginning before January 1, 2014, twenty dollars  
23                   (\$20) for an unmarried individual; and
- 24                   b.   For taxable years beginning on or after January 1, 2014, and  
25                   before January 1, 2018, ten dollars (\$10) for an unmarried  
26                   individual;
- 27                   2.   a.   For taxable years beginning before January 1, 2014, twenty dollars

1 (\$20) for a married individual filing a separate return and an  
2 additional twenty dollars (\$20) for the spouse of taxpayer if a  
3 separate return is made by the taxpayer and if the spouse, for the  
4 calendar year in which the taxable year of the taxpayer begins, had  
5 no Kentucky gross income and is not the dependent of another  
6 taxpayer; or forty dollars (\$40) for married persons filing a joint  
7 return, provided neither spouse is the dependent of another  
8 taxpayer. The determination of marital status for the purpose of  
9 this section shall be made in the manner prescribed in Section 153  
10 of the Internal Revenue Code; and

11 b. For taxable years beginning on or after January 1, 2014, and  
12 before January 1, 2018, ten dollars (\$10) for a married individual  
13 filing a separate return and an additional ten dollars (\$10) for the  
14 spouse of a taxpayer if a separate return is made by the taxpayer  
15 and if the spouse, for the calendar year in which the taxable year of  
16 the taxpayer begins, had no Kentucky gross income and is not the  
17 dependent of another taxpayer; or twenty dollars (\$20) for married  
18 persons filing a joint return, provided neither spouse is the  
19 dependent of another taxpayer. The determination of marital status  
20 for the purpose of this section shall be made in the manner  
21 prescribed in Section 153 of the Internal Revenue Code;

22 3. a. For taxable years beginning before January 1, 2014, twenty dollars  
23 (\$20) credit for each dependent. No credit shall be allowed for any  
24 dependent who has made a joint return with his or her spouse; and

25 b. For taxable years beginning on or after January 1, 2014, and  
26 before January 1, 2018, ten dollars (\$10) credit for each  
27 dependent. No credit shall be allowed for any dependent who has

- 1                   made a joint return with his or her spouse;
- 2           4.    An additional forty dollars (\$40) credit if the taxpayer has attained the
- 3                   age of sixty-five (65) before the close of the taxable year;
- 4           5.    An additional forty dollars (\$40) credit for taxpayer's spouse if a
- 5                   separate return is made by the taxpayer and if the taxpayer's spouse has
- 6                   attained the age of sixty-five (65) before the close of the taxable year,
- 7                   and, for the calendar year in which the taxable year of the taxpayer
- 8                   begins, has no Kentucky gross income and is not the dependent of
- 9                   another taxpayer;
- 10          6.    An additional forty dollars (\$40) credit if the taxpayer is blind at the
- 11                  close of the taxable year;
- 12          7.    An additional forty dollars (\$40) credit for taxpayer's spouse if a
- 13                  separate return is made by the taxpayer and if the taxpayer's spouse is
- 14                  blind, and, for the calendar year in which the taxable year of the
- 15                  taxpayer begins, has no Kentucky gross income and is not the dependent
- 16                  of another taxpayer; and
- 17          8.    An additional twenty dollars (\$20) credit shall be allowed if the taxpayer
- 18                  is a member of the Kentucky National Guard at the close of the taxable
- 19                  year.
- 20          (b)   In the case of nonresidents, the tax credits allowable under this subsection
- 21                  shall be the portion of the credits that are represented by the ratio of the
- 22                  taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to
- 23                  the taxpayer's adjusted gross income as defined in Section 62 of the Internal
- 24                  Revenue Code. However, in the case of a married nonresident taxpayer with
- 25                  income from Kentucky sources, whose spouse has no income from Kentucky
- 26                  sources, the taxpayer shall determine allowable tax credit(s) by either:
- 27                  1.    The method contained above applied to the taxpayer's tax credit(s),

1                   excluding credits for a spouse and dependents; or  
2                   2. Prorating the taxpayer's tax credit(s) plus the tax credits for the  
3                   taxpayer's spouse and dependents by the ratio of the taxpayer's  
4                   Kentucky adjusted gross income as determined by KRS 141.019 to the  
5                   total joint federal adjusted gross income of the taxpayer and the  
6                   taxpayer's spouse.

7                   (c) In the case of a part-year resident, the tax credits allowable under this  
8                   subsection shall be the portion of the credits represented by the ratio of the  
9                   taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to  
10                  the taxpayer's adjusted gross income as defined in Section 62 of the Internal  
11                  Revenue Code.

12               (4) An annual tax shall be paid for each taxable year as specified in this section upon  
13               the entire net income except as herein provided, from all tangible property located  
14               in this state, from all intangible property that has acquired a business situs in this  
15               state, and from business, trade, profession, occupation, or other activities carried on  
16               in this state, by natural persons not residents of this state. A nonresident individual  
17               shall be taxable only upon the amount of income received by the individual from  
18               labor performed, business done, or from other activities in this state, from tangible  
19               property located in this state, and from intangible property which has acquired a  
20               business situs in this state; provided, however, that the situs of intangible personal  
21               property shall be at the residence of the real or beneficial owner and not at the  
22               residence of a trustee having custody or possession thereof. For taxable years  
23               beginning on or after January 1, 2021, but before January 1, 2027~~[2025]~~, the tax  
24               imposed by this section shall not apply to a disaster response employee or to a  
25               disaster response business. The remainder of the income received by such  
26               nonresident shall be deemed nontaxable by this state.

27               (5) Subject to the provisions of KRS 141.081, any individual may elect to pay the

1 annual tax imposed by KRS 141.023 in lieu of the tax levied under this section.

2 (6) A part-year resident is subject to taxation, as prescribed in subsection (1) of this  
3 section, during that portion of the taxable year that the individual is a resident and,  
4 as prescribed in subsection (4) of this section, during that portion of the taxable year  
5 when the individual is a nonresident.

6 ➔Section 16. KRS 141.039 is amended to read as follows:

7 In the case of corporations:

- 8 (1) Gross income shall be calculated by adjusting federal gross income as defined in  
9 Section 61 of the Internal Revenue Code as follows:
- 10 (a) Exclude income that is exempt from state taxation by the Kentucky  
11 Constitution and the Constitution and statutory laws of the United States;
  - 12 (b) Exclude all dividend income;
  - 13 (c) Include interest income derived from obligations of sister states and political  
14 subdivisions thereof;
  - 15 (d) Exclude fifty percent (50%) of gross income derived from any disposal of  
16 coal covered by Section 631(c) of the Internal Revenue Code if the  
17 corporation does not claim any deduction for percentage depletion, or for  
18 expenditures attributable to the making and administering of the contract  
19 under which such disposition occurs or to the preservation of the economic  
20 interests retained under such contract;
  - 21 (e) Include the amount calculated under KRS 141.205;
  - 22 (f) Ignore the provisions of Section 281 of the Internal Revenue Code in  
23 computing gross income;
  - 24 (g) Include the amount of depreciation deduction calculated under 26 U.S.C. sec.  
25 167 or 168;
  - 26 (h) Allow the same treatment allowed under Pub. L. No. 116-260, secs. 276 and  
27 278, related to the tax treatment of forgiven covered loans, deductions



1           attributable to those loans, and tax attributes associated with those loans for  
2           taxable years ending on or after March 27, 2020, but before January 1, 2022;  
3           and

4           (i) For taxable years beginning on or after January 1, 2020, but before March 11,  
5           2023, allow the same treatment of restaurant revitalization grants in  
6           accordance with Pub. L. No. 117-2, sec. 9673 and 15 U.S.C. sec. 9009c,  
7           related to the tax treatment of the grants, deductions attributable to those  
8           grants, and tax attributes associated with those grants; and

9           (2) Net income shall be calculated by subtracting from gross income:

10           (a) The deduction for depreciation allowed by KRS 141.0101;

11           (b) Any amount paid for vouchers or similar instruments that provide health  
12           insurance coverage to employees or their families;

13           (c) All the deductions from gross income allowed corporations by Chapter 1 of  
14           the Internal Revenue Code, as modified by KRS 141.0101, except:

15           1. Any deduction for a state tax which is computed, in whole or in part, by  
16           reference to gross or net income and which is paid or accrued to any  
17           state of the United States, the District of Columbia, the Commonwealth  
18           of Puerto Rico, any territory or possession of the United States, or to any  
19           foreign country or political subdivision thereof;

20           2. The deductions contained in Sections 243, 245, and 247 of the Internal  
21           Revenue Code;

22           3. The provisions of Section 281 of the Internal Revenue Code shall be  
23           ignored in computing net income;

24           4. Any deduction directly or indirectly allocable to income which is either  
25           exempt from taxation or otherwise not taxed under the provisions of this  
26           chapter, except for deductions allowed under Pub. L. No. 116-260, secs.  
27           276 and 278, related to the tax treatment of forgiven covered loans and

1           deductions attributable to those loans for taxable years ending on or  
2           after March 27, 2020, but before January 1, 2022; and deductions  
3           allowed under Pub. L. No. 117-2, sec. 9673 and 15 U.S.C. sec. 9009c,  
4           related to the tax treatment of restaurant revitalization grants and  
5           deductions attributable to those grants for taxable years beginning on or  
6           after January 1, 2020, but before March 11, 2023. Nothing in this  
7           chapter shall be construed to permit the same item to be deducted more  
8           than once;

9           5. Any deduction for amounts paid to any club, organization, or  
10          establishment which has been determined by the courts or an agency  
11          established by the General Assembly and charged with enforcing the  
12          civil rights laws of the Commonwealth, not to afford full and equal  
13          membership and full and equal enjoyment of its goods, services,  
14          facilities, privileges, advantages, or accommodations to any person  
15          because of race, color, religion, national origin, or sex, except nothing  
16          shall be construed to deny a deduction for amounts paid to any religious  
17          or denominational club, group, or establishment or any organization  
18          operated solely for charitable or educational purposes which restricts  
19          membership to persons of the same religion or denomination in order to  
20          promote the religious principles for which it is established and  
21          maintained;

22          6. Any deduction prohibited by KRS 141.205; and

23          7. Any dividends-paid deduction of any captive real estate investment  
24          trust; and

25          (d) 1. A deferred tax deduction in an amount computed in accordance with this  
26          paragraph.

27          2. For purposes of this paragraph:

- 1 a. "Net deferred tax asset" means that deferred tax assets exceed the  
2 deferred tax liabilities of the combined group, as computed in  
3 accordance with accounting principles generally accepted in the  
4 United States of America; and
- 5 b. "Net deferred tax liability" means deferred tax liabilities that  
6 exceed the deferred tax assets of a combined group as defined in  
7 KRS 141.202, as computed in accordance with accounting  
8 principles generally accepted in the United States of America.
- 9 3. Only publicly traded companies, including affiliated corporations  
10 participating in the filing of a publicly traded company's financial  
11 statements prepared in accordance with accounting principles generally  
12 accepted in the United States of America, as of January 1, 2019, shall be  
13 eligible for this deduction.
- 14 4. If the provisions of KRS 141.202 result in an aggregate increase to the  
15 member's net deferred tax liability, an aggregate decrease to the  
16 member's net deferred tax asset, or an aggregate change from a net  
17 deferred tax asset to a net deferred tax liability, the combined group  
18 shall be entitled to a deduction, as determined in this paragraph.
- 19 5. For ten (10) years beginning with the combined group's first taxable  
20 year beginning on or after January 1, ~~2026~~[2024], a combined group  
21 shall be entitled to a deduction from the combined group's entire net  
22 income equal to one-tenth (1/10) of the amount necessary to offset the  
23 increase in the net deferred tax liability, decrease in the net deferred tax  
24 asset, or aggregate change from a net deferred tax asset to a net deferred  
25 tax liability. The increase in the net deferred tax liability, decrease in the  
26 net deferred tax asset, or the aggregate change from a net deferred tax  
27 asset to a net deferred tax liability shall be computed based on the

1 change that would result from the imposition of the combined reporting  
2 requirement under KRS 141.202, but for the deduction provided under  
3 this paragraph as of June 27, 2019.

4 6. The deferred tax impact determined in subparagraph 5. of this paragraph  
5 shall be converted to the annual deferred tax deduction amount, as  
6 follows:

7 a. The deferred tax impact determined in subparagraph 5. of this  
8 paragraph shall be divided by the tax rate determined under KRS  
9 141.040;

10 b. The resulting amount shall be further divided by the  
11 apportionment factor determined by KRS 141.120 or 141.121 that  
12 was used by the combined group in the calculation of the deferred  
13 tax assets and deferred tax liabilities as described in subparagraph  
14 5. of this paragraph; and

15 c. The resulting amount represents the total net deferred tax  
16 deduction available over the ten (10) year period as described in  
17 subparagraph 5. of this paragraph.

18 7. The deduction calculated under this paragraph shall not be adjusted as a  
19 result of any events happening subsequent to the calculation, including  
20 but not limited to any disposition or abandonment of assets. The  
21 deduction shall be calculated without regard to the federal tax effect and  
22 shall not alter the tax basis of any asset. If the deduction under this  
23 section is greater than the combined group's entire Kentucky net income,  
24 any excess deduction shall be carried forward and applied as a deduction  
25 to the combined group's entire net income in future taxable years until  
26 fully utilized.

27 8. Any combined group intending to claim a deduction under this

1 paragraph shall file a statement with the department on or before July 1,  
2 2019. The statement shall specify the total amount of the deduction  
3 which the combined group claims on the form, including calculations  
4 and other information supporting the total amounts of the deduction as  
5 required by the department. No deduction shall be allowed under this  
6 paragraph for any taxable year, except to the extent claimed on the  
7 timely filed statement in accordance with this paragraph.

8 ➔Section 17. KRS 143.022 is amended to read as follows:

9 (1) A taxpayer engaged in severing or processing coal within this Commonwealth that  
10 has paid the tax imposed under KRS 143.020 may apply for a refund equal to the  
11 amount of tax paid under KRS 143.020 if the coal is transported directly to a market  
12 outside of North America.

13 (2) To apply for the refund allowed under subsection (1) of this section the taxpayer  
14 shall file an application for refund with the department and submit all information  
15 and documentation necessary to substantiate that the tax was paid upon the coal  
16 which was transported directly to a market outside of North America.

17 (3) The refund process allowed under subsection (1) of this section is available  
18 beginning on or after August 1, 2020, but before July 1, ~~2026~~<sup>2024</sup>, and limited  
19 during any calendar year to the export of a combined total of ten million  
20 (10,000,000) tons of coal subject to the tax imposed under KRS 143.020 and  
21 exported through United States coal export terminals to markets outside of North  
22 America.

23 ➔Section 18. KRS 186.010 is amended to read as follows:

24 As used in this chapter, unless otherwise indicated:

25 (1) "Cabinet," as used in KRS 186.400 to 186.640, means the Transportation Cabinet;  
26 except as specifically designated, "cabinet," as used in KRS 186.020 to 186.270,  
27 means the Transportation Cabinet only with respect to motor vehicles, other than

- 1 commercial vehicles; "cabinet," as used in KRS 186.020 to 186.270, means the  
2 Department of Vehicle Regulation when used with respect to commercial vehicles;
- 3 (2) "Highway" means every way or place of whatever nature when any part of it is  
4 open to the use of the public, as a matter of right, license, or privilege, for the  
5 purpose of vehicular traffic;
- 6 (3) "Manufacturer" means any person engaged in manufacturing motor vehicles who  
7 will, under normal conditions during the year, manufacture or assemble at least ten  
8 (10) new motor vehicles;
- 9 (4) "Motor vehicle" means in KRS 186.020 to 186.260, all vehicles, as defined in  
10 paragraph (a) of subsection (8) of this section, which are propelled otherwise than  
11 by muscular power. As used in KRS 186.400 to 186.640, it means all vehicles, as  
12 defined in paragraph (b) of subsection (8) of this section, which are self-propelled.  
13 "Motor vehicle" shall not include a moped as defined in this section, but for  
14 registration purposes shall include low-speed vehicles and military surplus vehicles  
15 as defined in this section and vehicles operating under KRS 189.283;
- 16 (5) "Moped" means either a motorized bicycle whose frame design may include one (1)  
17 or more horizontal crossbars supporting a fuel tank so long as it also has pedals, or  
18 a motorized bicycle with a step-through type frame which may or may not have  
19 pedals rated no more than two (2) brake horsepower, a cylinder capacity not  
20 exceeding fifty (50) cubic centimeters, an automatic transmission not requiring  
21 clutching or shifting by the operator after the drive system is engaged, and capable  
22 of a maximum speed of not more than thirty (30) miles per hour;
- 23 (6) "Operator" means any person in actual control of a motor vehicle upon a highway;
- 24 (7) (a) "Owner" means a person who holds the legal title of a vehicle or a person who  
25 pursuant to a bona fide sale has received physical possession of the vehicle  
26 subject to any applicable security interest.
- 27 (b) A vehicle is the subject of an agreement for the conditional sale or lease, with

1 the vendee or lessee entitled to possession of the vehicle, upon performance of  
2 the contract terms, for a period of three hundred sixty-five (365) days or more  
3 and with the right of purchase upon performance of the conditions stated in  
4 the agreement and with an immediate right of possession vested in the  
5 conditional vendee or lessee, or if a mortgagor of a vehicle is entitled to  
6 possession, the conditional vendee or lessee or mortgagor shall be deemed the  
7 owner.

8 (c) A licensed motor vehicle dealer who transfers physical possession of a motor  
9 vehicle to a purchaser pursuant to a bona fide sale, and complies with the  
10 requirements of KRS 186A.220, shall not be deemed the owner of that motor  
11 vehicle solely due to an assignment to his dealership or a certificate of title in  
12 the dealership's name. Rather, under these circumstances, ownership shall  
13 transfer upon delivery of the vehicle to the purchaser, subject to any  
14 applicable security interest;

15 (8) (a) "Vehicle," as used in KRS 186.020 to 186.260, includes all agencies for the  
16 transportation of persons or property over or upon the public highways of this  
17 Commonwealth and all vehicles passing over or upon said highways, except  
18 electric low-speed scooters, road rollers, road graders, farm tractors, vehicles  
19 on which power shovels are mounted, such other construction equipment  
20 customarily used only on the site of construction and which is not practical for  
21 the transportation of persons or property upon the highways, such vehicles as  
22 travel exclusively upon rails, and such vehicles as are propelled by electric  
23 power obtained from overhead wires while being operated within any  
24 municipality or where said vehicles do not travel more than five (5) miles  
25 beyond the city limit of any municipality.

26 (b) As used in KRS 186.400 to 186.640, "vehicle" means every device in, upon,  
27 or by which any person or property is or may be transported or drawn upon a

- 1 public highway, except electric low-speed scooters, devices moved by human  
2 and animal power or used exclusively upon stationary rails or tracks, or which  
3 derives its power from overhead wires;
- 4 (9) KRS 186.020 to 186.270 apply to motor vehicle licenses. KRS 186.400 to 186.640  
5 apply to operator's licenses;
- 6 (10) "Dealer" means any person engaging in the business of buying or selling motor  
7 vehicles;
- 8 (11) "Commercial vehicles" means all motor vehicles that are required to be registered  
9 under the terms of KRS 186.050, but not including vehicles primarily designed for  
10 carrying passengers and having provisions for not more than nine (9) passengers  
11 (including driver), motorcycles, sidecar attachments, pickup trucks and passenger  
12 vans which are not being used for commercial or business purposes, and motor  
13 vehicles registered under KRS 186.060;
- 14 (12) "Resident" means any person who has established Kentucky as his or her state of  
15 domicile. Proof of residency shall include but not be limited to a deed or property  
16 tax bill, utility agreement or utility bill, or rental housing agreement. The possession  
17 by an operator of a vehicle of a valid Kentucky operator's license shall be prima-  
18 facie evidence that the operator is a resident of Kentucky;
- 19 (13) "Special status individual" means:
- 20 (a) "Asylee" means any person lawfully present in the United States who  
21 possesses an I-94 card issued by the United States Department of Justice,  
22 Immigration and Naturalization Service, on which it states "asylum status  
23 granted indefinitely pursuant to Section 208 of the Immigration & Nationality  
24 Act";
- 25 (b) "K-1 status" means the status of any person lawfully present in the United  
26 States who has been granted permission by the United States Department of  
27 Justice, Immigration and Naturalization Service to enter the United States for



1 the purpose of marrying a United States citizen within ninety (90) days from  
2 the date of that entry;

3 (c) "Refugee" means any person lawfully present in the United States who  
4 possesses an I-94 card issued by the United States Department of Justice,  
5 Immigration and Naturalization Service, on which it states "admitted as a  
6 refugee pursuant to Section 207 of the Immigration & Nationality Act"; and

7 (d) "Paroled in the Public Interest" means any person lawfully present in the  
8 United States who possesses an I-94 card issued by the United States  
9 Department of Justice, Immigration and Naturalization Service, on which it  
10 states "paroled pursuant to Section 212 of the Immigration & Nationality Act  
11 for an indefinite period of time";

12 (14) "Instruction permit" includes both motor vehicle instruction permits and motorcycle  
13 instruction permits;

14 (15) "Motorcycle" means any motor driven vehicle that has a maximum speed that  
15 exceeds fifty (50) miles per hour, has a seat or saddle for the use of the operator,  
16 and is designed to travel on not more than three (3) wheels in contact with the  
17 ground, including vehicles on which the operator and passengers ride in an enclosed  
18 cab. Only for purposes of registration, "motorcycle" shall include a motor scooter,  
19 an alternative-speed motorcycle, and an auticycle as defined in this section, but  
20 shall not include a tractor or a moped as defined in this section;

21 (16) "Low-speed vehicle" means a motor vehicle that:

22 (a) Is self-propelled using an electric motor, combustion-driven motor, or a  
23 combination thereof;

24 (b) Is four (4) wheeled; and

25 (c) Is designed to operate at a speed not to exceed twenty-five (25) miles per hour  
26 as certified by the manufacturer;

27 (17) "Alternative-speed motorcycle" means a motorcycle that:

- 1 (a) Is self-propelled using an electric motor;
- 2 (b) Is three (3) wheeled;
- 3 (c) Has a fully enclosed cab and includes at least one (1) door for entry;
- 4 (d) Is designed to operate at a speed not to exceed forty (40) miles per hour as
- 5 certified by the manufacturer; and
- 6 (e) Is not an autocycle as defined in this section;
- 7 (18) "Multiple-vehicle driving range" means an enclosed area that is not part of a
- 8 highway or otherwise open to the public on which a number of motor vehicles may
- 9 be used simultaneously to provide driver training under the supervision of one (1)
- 10 or more driver training instructors;
- 11 (19) "Autocycle" means any motor vehicle that:
- 12 (a) Is equipped with a seat that does not require the operator to straddle or sit
- 13 astride it;
- 14 (b) Is designed to travel on three (3) wheels in contact with the ground;
- 15 (c) Is designed to operate at a speed that exceeds forty (40) miles per hour as
- 16 certified by the manufacturer;
- 17 (d) Allows the operator and passenger to ride either side-by-side or in tandem in a
- 18 seating area that may be enclosed with a removable or fixed top;
- 19 (e) Is equipped with a three (3) point safety belt system;
- 20 (f) May be equipped with a manufacturer-installed air bags or a roll cage;
- 21 (g) Is designed to be controlled with a steering wheel and pedals; and
- 22 (h) Is not an alternative-speed motorcycle as defined in this section;
- 23 (20) "Military surplus vehicle" means a multipurpose wheeled surplus military vehicle
- 24 that:
- 25 (a) Is not operated using continuous tracks;
- 26 (b) Was originally manufactured for and sold directly to the Armed Forces of the
- 27 United States; and

- 1 (c) Was originally manufactured under the federally mandated requirements set  
2 forth in 49 C.F.R. sec. 571.7;
- 3 (21) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,  
4 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid  
5 species;
- 6 (22) "Identity document" means an instruction permit, operator's license, or personal  
7 identification card issued under KRS 186.4102, 186.412, 186.4121, 186.4122, and  
8 186.4123 or a commercial driver's license issued under KRS Chapter 281A;
- 9 (23) "Travel ID," as it refers to an identity document, means a document that complies  
10 with Pub. L. No. 109-13, Title II;
- 11 (24) "Motor scooter" means a low-speed motorcycle that is:
- 12 (a) Equipped with wheels greater than sixteen (16) inches in diameter;
- 13 (b) Equipped with an engine greater than fifty (50) cubic centimeters;
- 14 (c) Designed to operate at a speed not to exceed fifty (50) miles per hour;
- 15 (d) Equipped with brake horsepower of two (2) or greater; and
- 16 (e) Equipped with a step-through frame or a platform for the operator's feet;
- 17 (25) "Alternative technology," as used in KRS 186.400 to 186.640, means methods used  
18 by the cabinet to facilitate the issuance of operator's licenses and personal  
19 identification cards outside of the normal in-person application at a cabinet office,  
20 including but not limited to a cabinet mobile unit or online services;
- 21 (26) "Electric motorcycle" means the same as "motorcycle" or "motor scooter" as  
22 defined in this section, that is powered by a:
- 23 (a) Battery or equivalent energy storage device that can be charged with an  
24 electric plug using an external electricity source; or
- 25 (b) Combination of an internal combustion engine and electric motor; ***and***
- 26 (27) "Electric vehicle" means any vehicle that has plug-in charging capability, regardless  
27 of whether the vehicle is powered by:

- 1 (a) An electric motor only; or  
2 (b) A combination of an internal combustion engine and electric power;  
3 and

4 ~~(28) "Hybrid vehicle" means any vehicle that does not have plug-in charging capability~~  
5 ~~and is powered by a combination of an internal combustion engine and an electric~~  
6 ~~motor].~~

7 ➔Section 19. KRS 186.050 is amended to read as follows:

- 8 (1) The annual registration fee shall be eleven dollars fifty cents (\$11.50) for:  
9 (a) Motor vehicles, including pickup trucks and passenger vans; and  
10 (b) Motor carrier vehicles, as defined in KRS 281.010, primarily designed for  
11 carrying passengers or passengers for hire and having been designed or  
12 constructed to transport not more than fifteen (15) passengers, including the  
13 operator.
- 14 (2) Except as provided in KRS 186.041 and 186.162, the annual registration fee for  
15 each motorcycle shall be nine dollars (\$9).
- 16 (3) (a) All motor vehicles having a declared gross weight of vehicle and any towed  
17 unit of ten thousand (10,000) pounds or less, except those mentioned in  
18 subsections (1) and (2) of this section, are classified as commercial vehicles  
19 and the annual registration fee, except as provided in subsections (4) to (14) of  
20 this section, shall be eleven dollars and fifty cents (\$11.50).
- 21 (b) All motor vehicles, except those mentioned in subsections (1) and (2) of this  
22 section, and those engaged in hauling passengers for hire which are designed  
23 or constructed to transport more than fifteen (15) passengers including the  
24 operator, whose registration fee shall be one hundred dollars (\$100), are  
25 classified as commercial vehicles and the annual registration fee, except as  
26 provided in subsections (3)(a) and (4) to (14) of this section, shall be as  
27 follows:

1	Declared Gross Weight of Vehicle	Registration
2	and Any Towed Unit	Fee
3	10,001-14,000	30.00
4	14,001-18,000	50.00
5	18,001-22,000	132.00
6	22,001-26,000	160.00
7	26,001-32,000	216.00
8	32,001-38,000	300.00
9	38,001-44,000	474.00
10	44,001-55,000	669.00
11	55,001-62,000	1,007.00
12	62,001-73,280	1,250.00
13	73,281-80,000	1,410.00

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- (4) (a) 1. Any farmer owning a truck having a gross weight of twenty-six thousand (26,000) pounds or less may have it registered as a farmer's truck and obtain a license for eleven dollars and fifty cents (\$11.50). The applicant's signature upon the certificate of registration and ownership shall constitute a certificate that he is a farmer engaged in the production of crops, livestock, or dairy products, that he owns a truck of the gross weight of twenty-six thousand (26,000) pounds or less, and that during the next twelve (12) months the truck shall not be used in for-hire transportation and may be used in transporting persons, food, provender, feed, machinery, livestock, material, and supplies necessary for his farming operation, and the products grown on his farm.
  - 2. Any farmer owning a truck having a gross weight of twenty-six thousand one (26,001) pounds to thirty-eight thousand (38,000) pounds may have it registered as a farmer's truck and obtain a license for eleven

1                   dollars and fifty cents (\$11.50). The applicant's signature upon the  
2                   certificate of registration and ownership shall constitute a certificate that  
3                   he is a farmer engaged in the production of crops, livestock, or dairy  
4                   products, that he owns a truck of the gross weight between twenty-six  
5                   thousand one (26,001) pounds and thirty-eight thousand (38,000)  
6                   pounds, and that during the next twelve (12) months the truck shall not  
7                   be used in for-hire transportation and may be used in transporting  
8                   persons, food, provender, feed, machinery, livestock, material, and  
9                   supplies necessary for his farming operation and the products grown on  
10                  his farm.

11           (b) Any farmer owning a truck having a declared gross weight in excess of thirty-  
12           eight thousand (38,000) pounds shall not be required to pay the fee set out in  
13           subsection (3) of this section and, in lieu thereof, shall pay forty percent  
14           (40%) of the fee set out in subsection (3) of this section and shall be exempt  
15           from any fee charged under the provisions of KRS 281.752. The applicant's  
16           signature upon the registration receipt shall be considered to be a certification  
17           that he is a farmer engaged solely in the production of crops, livestock, or  
18           dairy products, and that during the current registration year the truck will be  
19           used only in transporting persons, food, provender, feed, and machinery used  
20           in operating his farm and the products grown on his farm.

21           (c) An initial applicant for, or an applicant renewing, his or her registration  
22           pursuant to this subsection, may at the time of application make a voluntary  
23           contribution to be deposited into the agricultural program trust fund  
24           established in KRS 246.247. The recommended voluntary contribution shall  
25           be set at ten dollars (\$10) and automatically added to the cost of registration  
26           or renewal unless the individual registering or renewing the vehicle opts out  
27           of contributing the recommended amount. The county clerk shall collect and

1 forward the voluntary contribution to the cabinet for distribution to the  
2 Department of Agriculture.

3 (5) Any person owning a truck or bus used solely in transporting school children and  
4 school employees may have the truck or bus registered as a school bus and obtain a  
5 license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in  
6 addition to other information required, an affidavit stating that the truck or bus is  
7 used solely in the transportation of school children and persons employed in the  
8 schools of the district, that he has caused to be printed on each side of the truck or  
9 bus and on the rear door the words "School Bus" in letters at least six (6) inches  
10 high, and of a conspicuous color, and the truck or bus will be used during the next  
11 twelve (12) months only for the purpose stated.

12 (6) Any church or religious organization owning a truck or bus used solely in  
13 transporting persons to and from a place of worship or for other religious work may  
14 have the truck or bus registered as a church bus and obtain a license for eleven  
15 dollars and fifty cents (\$11.50) by filing with the county clerk, in addition to other  
16 information required, an affidavit stating that the truck or bus will be used only for  
17 the transporting of persons to and from a place of worship, or for other religious  
18 work, and that there has been printed on the truck or bus in large letters the words  
19 "Church Bus," with the name of the church or religious organization owning and  
20 using the truck or bus, and that during the next twelve (12) months the truck or bus  
21 will be used only for the purpose stated.

22 (7) Any person owning a motor vehicle with a gross weight of fourteen thousand  
23 (14,000) pounds or less on which a wrecker crane or other equipment suitable for  
24 wrecker service has been permanently mounted may register the vehicle and obtain  
25 a license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in  
26 addition to other information required, an affidavit that a wrecker crane or other  
27 equipment suitable for wrecker service has been permanently mounted on such

1 vehicle and that during the next twelve (12) months the vehicle will be used only in  
2 wrecker service. If the gross weight of the vehicle exceeds fourteen thousand  
3 (14,000) pounds, the vehicle shall be registered in accordance with subsection (3) of  
4 this section. The gross weight of a vehicle used in wrecker service shall not include  
5 the weight of the vehicle being towed by the wrecker.

6 (8) Motor vehicles having a declared gross weight in excess of eighteen thousand  
7 (18,000) pounds, which when operated in this state are used exclusively for the  
8 transportation of property within the limits of the city named in the affidavit  
9 hereinafter required to be filed, or within ten (10) miles of the city limits of the city  
10 if it is a city with a population equal to or greater than three thousand (3,000) based  
11 upon the most recent federal decennial census, or within five (5) miles of its limits  
12 if it is a city with a population of less than three thousand (3,000) based upon the  
13 most recent federal decennial census, or anywhere within a county containing an  
14 urban-county government, shall not be required to pay the fee as set out in  
15 subsection (3) of this section, and in lieu thereof shall pay seventy-five percent  
16 (75%) of the fee set forth in subsection (3) of this section and shall be exempt from  
17 any fee charged under the provisions of KRS 281.752. Nothing in this section shall  
18 be construed to limit any right of nonresidents to exemption from registration under  
19 any other provisions of the laws granting reciprocity to nonresidents. Operations  
20 outside of this state shall not be considered in determining whether or not the  
21 foregoing mileage limitations have been observed. When claiming the right to the  
22 reduced fee, the applicant's signature on the certificate of registration and  
23 ownership shall constitute a certification or affidavit stating that the motor vehicle  
24 when used within this state is used only for the transportation of property within the  
25 city to be named in the affidavit and the area above set out and that the vehicle will  
26 not be used outside of a city and the area above set out during the current  
27 registration period.



1 (9) Motor vehicles having a declared gross weight in excess of eighteen thousand  
2 (18,000) pounds, which are used exclusively for the transportation of primary forest  
3 products from the harvest area to a mill or other processing facility, where such mill  
4 or processing facility is located at a point not more than fifty (50) air miles from the  
5 harvest area or which are used exclusively for the transportation of concrete blocks  
6 or ready-mixed concrete from the point at which such concrete blocks or ready-  
7 mixed concrete is produced to a construction site where such concrete blocks or  
8 ready-mixed concrete is to be used, where such construction site is located at a  
9 point not more than thirty (30) air miles from the point at which such concrete  
10 blocks or ready-mixed concrete is produced shall not be required to pay the fee as  
11 set out in subsection (3) of this section, and in lieu thereof, shall pay seventy-five  
12 percent (75%) of the fee set out in subsection (3) of this section and shall be exempt  
13 from any fee charged under the provisions of KRS 281.752. The applicant's  
14 signature upon the certificate of registration and ownership shall constitute a  
15 certification that the motor vehicle will not be used during the current registration  
16 period in any manner other than that for which the reduced fee is provided in this  
17 section.

18 (10) Any owner of a commercial vehicle registered for a declared gross weight in excess  
19 of eighteen thousand (18,000) pounds, intending to transfer same and desiring to  
20 take advantage of the refund provisions of KRS 186.056(2), may reregister such  
21 vehicle and obtain a "For Sale" certificate of registration and ownership for one  
22 dollar (\$1). Title to a vehicle so registered may be transferred, but such registration  
23 shall not authorize the operation or use of the vehicle on any public highway. No  
24 refund may be made under the provisions of KRS 186.056(2) until such time as the  
25 title to such vehicle has been transferred to the purchaser thereof. Provided,  
26 however, that nothing herein shall be so construed as to prevent the seller of a  
27 commercial vehicle from transferring the registration of such vehicle to any

1 purchaser thereof.

2 (11) The annual registration fee for self-propelled vehicles containing sleeping or eating  
3 facilities shall be twenty dollars (\$20) and the multiyear license plate issued shall be  
4 designated "Recreational vehicle." The foregoing shall not include any motor  
5 vehicle primarily designed for commercial or farm use having temporarily attached  
6 thereto any sleeping or eating facilities, or any commercial vehicle having sleeping  
7 facilities.

8 (12) The registration fee on any vehicle registered under this section shall be increased  
9 fifty percent (50%) when the vehicle is not equipped wholly with pneumatic tires.

10 (13) (a) The Department of Vehicle Regulation is authorized to negotiate and execute  
11 an agreement or agreements for the purpose of developing and instituting  
12 proportional registration of motor vehicles engaged in interstate commerce, or  
13 in a combination of interstate and intrastate commerce, and operating into,  
14 through, or within the Commonwealth of Kentucky. The agreement or  
15 agreements may be made on a basis commensurate with, and determined by,  
16 the miles traveled on, and use made of, the highways of this Commonwealth  
17 as compared with the miles traveled on and use made of highways of other  
18 states, or upon any other equitable basis of proportional registration.  
19 Notwithstanding the provisions of KRS 186.020, the cabinet shall promulgate  
20 administrative regulations concerning the registration of motor vehicles under  
21 any agreement or agreements made under this section and shall provide for  
22 direct issuance by it of evidence of payment of any registration fee required  
23 under such agreement or agreements. Any proportional registration fee  
24 required to be collected under any proportional registration agreement or  
25 agreements shall be in accordance with the taxes established in this section.

26 (b) Any owner of a commercial vehicle who is required to title his motor vehicle  
27 under this section shall first title such vehicle with the county clerk pursuant

1 to KRS 186.020 for a state fee of one dollar (\$1). Title to such vehicle may be  
2 transferred; however title without proper registration shall not authorize the  
3 operation or use of the vehicle on any public highway. Any commercial  
4 vehicle properly titled in Kentucky may also be registered in Kentucky, and,  
5 upon payment of the required fees, the department may issue an apportioned  
6 registration plate to such commercial vehicle.

7 (c) Any commercial vehicle that is properly titled in a foreign jurisdiction, which  
8 vehicle is subject to apportioned registration, as provided in paragraph (a) of  
9 this subsection, may be registered in Kentucky, and, upon proof of proper title  
10 and payment of the required fees, the department may issue an apportioned  
11 registration plate to the commercial vehicle. The department shall promulgate  
12 administrative regulations in accordance with this section.

13 (14) Any person seeking to obtain a special license plate for an automobile that has been  
14 provided to him pursuant to an occupation shall meet both of the following  
15 requirements:

16 (a) The automobile shall be provided for the full-time exclusive use of the  
17 applicant; and

18 (b) The applicant shall obtain permission in writing from the vehicle owner or  
19 lessee on a form provided by the cabinet to use the vehicle and for the vehicle  
20 to bear the special license plate.

21 (15) An applicant for any motor vehicle registration issued pursuant to this section shall  
22 have the opportunity to make a donation of two dollars (\$2) to promote a hunger  
23 relief program through specific wildlife management and conservation efforts by  
24 the Department of Fish and Wildlife Resources in accordance with KRS 150.015. If  
25 an applicant elects to make a contribution under this subsection, the two dollar (\$2)  
26 donation shall be added to the regular fee for any motor vehicle registration issued  
27 pursuant to this section. One (1) donation may be made per issuance of each

1 registration. The fee shall be paid to the county clerk and shall be transmitted by the  
 2 State Treasurer to the Department of Fish and Wildlife Resources to be used  
 3 exclusively for the purpose of wildlife management and conservation activities in  
 4 support of hunger relief. The county clerk may retain up to five percent (5%) of the  
 5 fees collected under this subsection for administrative costs associated with the  
 6 collection of this donation. Any donation requested under this subsection shall be  
 7 voluntary and may be refused by the applicant at the time of issuance or renewal of  
 8 a license plate.

9 (16) In addition to the fees outlined in this section, the county clerk shall collect from the  
 10 registrants of electric vehicles and electric motorcycles, ~~and hybrid vehicles~~ the  
 11 electric vehicle ownership fees imposed in KRS 138.475.

12 ➔Section 20. KRS 138.475 is amended to read as follows:

13 (1) As used in this section:

14 (a) "Electric motorcycle" means the same as "motorcycle" or "motor scooter" as  
 15 defined in KRS 186.010, that is powered by a:

- 16 1. Battery or equivalent energy storage device that can be charged with an  
 17 electric plug using an external electricity source; or
- 18 2. Combination of an internal combustion engine and electric motor; and

19 (b) "Electric vehicle" means any vehicle that has plug-in charging capability,  
 20 regardless of whether the vehicle is powered by:

- 21 1. An electric motor only; or
- 22 2. A combination of an internal combustion engine and electric  
 23 power; ~~and~~

24 ~~(c) "Hybrid vehicle" means any vehicle that does not have plug-in charging  
 25 capability and is powered by a combination of an internal combustion  
 26 engine and an electric motor.~~

27 (2) At the time of initial registration, and each year upon annual vehicle registration

1 renewal, the county clerk shall collect, as required under KRS 186.050, from the  
2 registrants of electric motorcycles and electric vehicles~~, and hybrid vehicles~~ the  
3 electric vehicle ownership fees established under subsections (3) and (4) of this  
4 section.

5 (3) The electric vehicle ownership fees shall be:

6 (a) One hundred twenty dollars (\$120) for electric vehicles; and

7 (b) Sixty dollars (\$60) for electric motorcycles ~~or hybrid vehicles~~.

8 (4) The Department of Revenue shall adjust the fees established in subsection (3) of  
9 this section, on the same schedule and in the same manner as the adjustments to the  
10 electric vehicle power taxes under KRS 138.477, except that:

11 (a) Adjustment to the fees shall be rounded to the nearest dollar; and

12 (b) Any adjustment of fees shall not result in a decrease below the base fees  
13 established in subsection (3) of this section.

14 (5) The electric vehicle ownership fees collected under this section shall be transferred  
15 to the road fund.

16 ➔Section 21. KRS 186.531 is amended to read as follows:

17 (1) As used in this section:

18 (a) "GF" means the general fund;

19 (b) "IP" means instruction permit;

20 (c) "License Fund" or "LF" means the KYTC photo license account created in  
21 KRS 174.056;

22 (d) "MC" means motorcycle;

23 (e) "MC Fund" or "MCF" means the motorcycle safety education program fund  
24 established in KRS 176.5065;

25 (f) "OL" means operator's license; and

26 (g) "PIDC" means personal identification card.

27 (2) The fees imposed for voluntary travel ID operator's licenses, instruction permits,

1 and personal identification cards shall be as follows. The fees received shall be  
 2 distributed as shown in the table. The fees shown, unless otherwise noted, are for an  
 3 eight (8) year period:

4	Card Type	Fee	LF	GF	MCF
5	OL (initial/renewal)	\$48	\$48	\$0	\$0
6	OL (Under 21) (Up to 4 years)	\$18	\$18	\$0	\$0
7	Any OL, MC, or combination				
8	(duplicate/corrected)	\$15	\$13.25	\$1.75	\$0
9	Motor vehicle IP (3 years)	\$18	\$16	\$2	\$0
10	Motorcycle IP (1 year)	\$18	\$13	\$1	\$4
11	Motorcycle OL (initial/renewal)	\$48	\$38	\$0	\$10
12	Combination vehicle/MC OL				
13	(initial/renewal)	\$58	\$48	\$0	\$10
14	PIDC (initial/renewal)	\$28	\$25	\$3	\$0
15	PIDC (duplicate/corrected)	\$15	\$13.50	\$1.50	\$0

16 (3) Except as provided in subsection (10) of this section, the fees imposed for standard  
 17 operator's licenses, instruction permits, and personal identification cards shall be as  
 18 follows and, unless otherwise noted, are for an eight (8) year period:

19	Card Type	Fee	LF	GF	MCF
20	OL (initial/renewal)	\$43	\$43	\$0	\$0
21	OL (Under 21) (Up to 4 years)	\$15	\$15	\$0	\$0
22	Any OL, MC, or combination				
23	(duplicate/corrected)	\$15	\$13.25	\$1.75	\$0
24	Motor vehicle IP (3 years)	\$15	\$13	\$2	\$0
25	Motorcycle IP (1 year)	\$15	\$10	\$1	\$4
26	Motorcycle OL (initial/renewal)	\$43	\$33	\$0	\$10
27	Combination vehicle/MC OL				

1	(initial/renewal)	\$53	\$43	\$0	\$10
2	PIDC (initial/renewal)	\$23	\$20	\$3	\$0
3	PIDC (duplicate/corrected)	\$15	\$13.50	\$1.50	\$0
4	PIDC (no fixed address) under				
5	KRS 186.4122(5)/186.4123(5)				
6	(initial, duplicate, or corrected)	<del>\$0</del> [\$5]	<del>\$5</del> [\$5]		\$0
7	\$0				

8 (4) The fee for a four (4) year original or renewal license issued pursuant to KRS  
9 186.4101 shall be fifty percent (50%) of the amount shown in subsections (2) and  
10 (3) of this section. The distribution of fees shown in subsections (2) and (3) of this  
11 section shall also be reduced by fifty percent (50%) for licenses that are issued for  
12 four (4) years.

13 (5) Any fee for any identity document applied for using alternative technology under  
14 KRS 186.410 and 186.4122 shall be distributed in the same manner as a document  
15 applied for in person with the cabinet.

16 (6) (a) An applicant for an original or renewal operator's license, permit, commercial  
17 driver's license, motorcycle operator's license, or personal identification card  
18 shall be requested by the cabinet to make a donation to promote an organ  
19 donor program.

20 (b) The donation under this subsection shall be added to the regular fee for an  
21 original or renewal motor vehicle operator's license, permit, commercial  
22 driver's license, motorcycle operator's license, or personal identification card.  
23 One (1) donation may be made per issuance or renewal of a license or any  
24 combination thereof.

25 (c) The fee shall be paid to the cabinet and shall be forwarded by the cabinet on a  
26 monthly basis to the Kentucky Circuit Court Clerks' Trust for Life, and such  
27 moneys are hereby appropriated to be used exclusively for the purpose of

1 promoting an organ donor program. A donation under this subsection shall be  
2 voluntary and may be refused by the applicant at the time of issuance or  
3 renewal.

4 (7) In addition to the fees outlined in this section, the following individuals, upon  
5 application for an initial or renewal operator's license, instruction permit, or  
6 personal identification card, shall pay an additional application fee of thirty dollars  
7 (\$30), which shall be deposited in the photo license account:

- 8 (a) An applicant who is not a United States citizen or permanent resident and who  
9 applies under KRS 186.4121 or 186.4123; or  
10 (b) An applicant who is applying for a instruction permit, operator's license, or  
11 personal identification card without a photo under KRS 186.4102(9).

12 (8) (a) Except for individuals exempted under paragraph (c) of this subsection, an  
13 applicant for relicensing after revocation or suspension shall pay a  
14 reinstatement fee of forty dollars (\$40).

15 (b) The reinstatement fee under this subsection shall be distributed by the State  
16 Treasurer as follows:

- 17 1. Thirty-five dollars (\$35) shall be deposited into the photo license  
18 account; and  
19 2. Five dollars (\$5) shall be deposited into a trust and agency fund to be  
20 used in defraying the costs and expenses of administering a driver  
21 improvement program for problem drivers.

22 (c) This subsection shall not apply to:

- 23 1. Any person whose license was suspended for failure to meet the  
24 conditions set out in KRS 186.411 when, within one (1) year of  
25 suspension, the driving privileges of the individual are reinstated; or  
26 2. A student who has had his or her license revoked pursuant to KRS  
27 159.051.



- 1 (9) As payment for any fee identified in this section, the cabinet:
- 2 (a) Shall accept cash and personal checks;
- 3 (b) May accept other methods of payment in accordance with KRS 45.345; and
- 4 (c) May enter into billing agreements with homeless shelters, health care
- 5 facilities, or social service agencies that serve individuals without an
- 6 established and fixed nighttime residence of regular return.
- 7 (10) There shall be no fee assessed for the initial, renewal, or duplicate standard personal
- 8 identification card to an individual, if the individual:
- 9 (a) Does not possess a valid operator's license or a commercial driver's license;
- 10 and
- 11 (b) Is at least eighteen (18) years of age on or before the next regular election.

12 ➔Section 22. KRS 131.010 is amended to read as follows:

13 As used in this chapter, unless the context requires otherwise:

- 14 (1) "Commissioner" means the commissioner of *the department*~~[revenue]~~;
- 15 (2) "Department" means the Department of Revenue;
- 16 (3) "Fiduciary" means a guardian, trustee, executor, administrator, receiver,
- 17 conservator, or any individual or corporation acting in a fiduciary capacity for any
- 18 other person;
- 19 (4) "Taxpayer" means any person required or permitted by law or administrative
- 20 regulation to perform any act subject to the administrative jurisdiction of the
- 21 department including the following:
- 22 (a) File a report, return, statement, certification, claim, estimate, declaration,
- 23 form, or other document;
- 24 (b) Furnish any information;
- 25 (c) Withhold, collect, or pay any tax, installment, estimate, or other funds; *and*
- 26 (d) Secure any license, permit, or other authorization to conduct a business or
- 27 exercise any privilege, right, or responsibility;

- 1 (5) "Adjusted prime rate charged by banks" means the average predominant prime rate  
2 quoted by commercial banks to large businesses, as determined by the board of  
3 governors of the Federal Reserve System;
- 4 (6) "Tax interest rate" means the interest rate determined under KRS 131.183;
- 5 (7) "Tax" includes any assessment or license fee administered by the department;  
6 however, it shall not include moneys withheld or collected by the department  
7 pursuant to KRS 131.560 or 160.627;
- 8 (8) "Return" or "report" means any properly completed and, if required, signed form,  
9 statement, certification, claim estimate, declaration, or other document permitted or  
10 required to be submitted or filed with the department, including returns and reports  
11 or composites thereof which are permitted or required to be electronically  
12 transmitted;
- 13 (9) "Reasonable cause" means an event, happening, or circumstance entirely beyond  
14 the knowledge or control of a taxpayer who has exercised due care and prudence in  
15 the filing of a return or report or the payment of moneys due the department  
16 pursuant to law or administrative regulation;
- 17 (10) "Fraud" means:
- 18 (a) Intentional or reckless disregard for the law, administrative regulations, or the  
19 department's established policies to evade the filing of any return, report, or  
20 the payment of any moneys due to the department pursuant to law or  
21 administrative regulation; or
- 22 (b) The deliberate false reporting of returns or reports with the intent to gain a  
23 monetary advantage;
- 24 (11) "Hard copy" means any document, record, report, or other data printed on paper or  
25 stored by an imaging system that does not permit additions, deletions, or other  
26 changes to the original documents;
- 27 (12) "Electronic record" means a collection of related information stored as bits of data

1 in a medium that supports electronic extraction of the data at the field level, but  
2 does not include electronic imaging systems;

3 (13) "Electronic imaging systems" means a computer-based system used to store  
4 reproductions of documents and records through the use of electronic data  
5 processing, or computerized, digital, or optical scanning which records and indexes  
6 the document, but does not support electronic extraction of the data at the field  
7 level;

8 (14) "Electronic fund transfer" means an electronic data processing medium that takes  
9 the place of a paper check for debiting or crediting an account and of which a  
10 permanent record is made;

11 (15) "Specified tax return preparer" has the same meaning as in 26 U.S.C. sec.  
12 6011(e)(3);~~and~~

13 (16) "Tax return preparer" has the same meaning as in 26 U.S.C. sec. 7701(a)(36)(A);

14 **(17) "Administrative writings" means the following, as created, published, issued, or**  
15 **released by the department and redacted to protect taxpayer-specific information:**

16 **(a) Final rulings;**

17 **(b) Manuals and training procedures;**

18 **(c) Presentations;**

19 **(d) Technical advice memoranda;**

20 **(e) General information letters; and**

21 **(f) Private letter rulings; and**

22 **(18) "Tax form":**

23 **(a) Means any instrument that is:**

24 **1. Created, published, issued, approved, or released by the department**  
25 **upon which taxpayers insert information; and**

26 **2. Permitted or required to be submitted to or filed with the department;**  
27 **and**

1       **(b) Includes any of the following instruments, except that the instrument shall**  
 2       **not contain any information inserted by a taxpayer:**

- 3       **1. A return, report, schedule, claim estimate, declaration, or any other**  
 4       **similar document; and**  
 5       **2. A facsimile of information the taxpayer is required to, or may, submit**  
 6       **to the department electronically.**

7       ➔Section 23. KRS 131.020 is amended to read as follows:

8       (1) The department~~[of Revenue]~~, headed by a commissioner appointed by the secretary  
 9       with the approval of the Governor, shall be organized into the following functional  
 10       units:

11       (a) Office of the Commissioner, which shall consist of:

- 12           1. The Division of Protest Resolution, headed by a division director who  
 13           shall report directly to the commissioner. The division shall administer  
 14           the protest functions for the department from office resolution through  
 15           court action;
- 16           2. The Division of Taxpayer Ombudsman, headed by a division director  
 17           who shall report to the commissioner. The division shall perform those  
 18           duties set out in KRS 131.083;
- 19           3. The Special Investigations Division, headed by a division director who  
 20           shall report directly to the commissioner. The division shall investigate  
 21           alleged violations of the tax laws and recommend criminal prosecution  
 22           of the laws when warranted; and
- 23           4. The Division of Information Management, headed by a division director  
 24           who shall report directly to the commissioner. The division shall provide  
 25           project management, planning, analysis, application development,  
 26           implementation, security, support, and maintenance for new and existing  
 27           legacy systems of the department;

- 1 (b) Office of Tax Policy and Regulation, headed by an executive director who  
 2 shall report directly to the commissioner. The office shall be responsible for:
- 3 1. Providing oral and written technical advice on Kentucky tax law;
  - 4 2. Drafting proposed tax legislation and regulations;
  - 5 3. Testifying before legislative committees on tax matters;
  - 6 4. Analyzing tax publications;
  - 7 5. Publishing administrative writings on its official website promptly  
 8 after issuance or finalization, but no more than one hundred twenty  
 9 (120) days thereafter;
  - 10 6. Publishing all tax forms and instructions to those tax forms on its  
 11 official website no later than:
    - 12 a. Forty-five (45) days prior to the date a taxpayer is required to:
      - 13 i. File a tax form;
      - 14 ii. Make a payment of taxes due or estimated to be due; or
      - 15 iii. Electronically submit the information or payment; or
    - 16 b. In the case of income tax forms, thirty (30) days prior to the end  
 17 of the calendar year for which the tax form, payment, or  
 18 information applies;
  - 19 7. Providing expert witness testimony in tax litigation cases;
  - 20 ~~8.[6.]~~ Providing consultation and assistance in protested tax cases; and
  - 21 ~~9.[7.]~~ Conducting training and education programs;
- 22 (c) Office of Registration and Operations, headed by an executive director who  
 23 shall report directly to the commissioner. The office shall be responsible for  
 24 processing documents, depositing funds, collecting debt payments, and  
 25 coordinating, planning, and implementing a data integrity strategy. The office  
 26 shall consist of the:
- 27 1. Division of Operations, which shall be responsible for opening all tax

- 1 returns, preparing the returns for data capture, coordinating the data  
2 capture process, depositing receipts, maintaining tax data, and assisting  
3 other state agencies with similar operational aspects as negotiated  
4 between the department and the other agency; and
- 5 2. Division of Registration, which shall be responsible for registering  
6 businesses for tax purposes, ensuring that the data entered into the  
7 department's tax systems is accurate and complete, and assisting the  
8 taxing areas in proper procedures to ensure the accuracy of the data over  
9 time;
- 10 (d) Office of Property Valuation, headed by an executive director who shall  
11 report directly to the commissioner. The office shall consist of the:
- 12 1. Division of Local Support, which shall be responsible for providing  
13 supervision, assistance, and training to the property valuation  
14 administrators and sheriffs within the Commonwealth;
- 15 2. Division of State Valuation, which shall be responsible for providing  
16 assessments of public service companies and motor vehicles, and  
17 providing assistance to property valuation administrators and sheriffs  
18 with the administration of tangible and omitted property taxes within the  
19 Commonwealth; and
- 20 3. Division of Minerals Taxation and Geographical Information System  
21 Services, which shall be responsible for providing geographical  
22 information system mapping support, ensuring proper filing of  
23 severance tax returns, ensuring consistency of unmined coal  
24 assessments, and gathering and providing data to properly assess  
25 minerals to the property valuation administrators within the  
26 Commonwealth;
- 27 (e) Office of Sales and Excise Taxes, headed by an executive director who shall

1 report directly to the commissioner. The office shall administer all matters  
2 relating to sales and use taxes and miscellaneous excise taxes, including but  
3 not limited to technical tax research, compliance, taxpayer assistance, tax-  
4 specific training, and publications. The office shall consist of the:

- 5 1. Division of Sales and Use Tax, which shall administer the sales and use  
6 tax; and
- 7 2. Division of Miscellaneous Taxes, which shall administer various other  
8 taxes, including but not limited to alcoholic beverage taxes; cigarette  
9 enforcement fees, stamps, meters, and taxes; gasoline tax; bank  
10 franchise tax; inheritance and estate tax; insurance premiums and  
11 insurance surcharge taxes; motor vehicle tire fees and usage taxes; and  
12 special fuels taxes;

13 (f) Office of Income Taxation, headed by an executive director who shall report  
14 directly to the commissioner. The office shall administer all matters related to  
15 income and corporation license taxes, including technical tax research,  
16 compliance, taxpayer assistance, tax-specific training, and publications. The  
17 office shall consist of the:

- 18 1. Division of Individual Tax, which shall administer the following taxes  
19 or returns: individual income, fiduciary, and employer withholding; and
- 20 2. Division of Corporation Tax, which shall administer the corporation  
21 income tax, corporation license tax, pass-through entity withholding,  
22 and pass-through entity reporting requirements;

23 (g) Office of Field Operations, headed by an executive director who shall report  
24 directly to the commissioner. The office shall manage the regional taxpayer  
25 service centers and the field audit program; and

26 (h) Office of Enforcement, headed by an executive director who shall report  
27 directly to the commissioner. The office shall initiate all collection

1 enforcement activity related to due and owing tax assessments, including  
2 protest resolution, and shall assist other state agencies with similar collection  
3 aspects as negotiated between the department and other state agencies. The  
4 office shall consist of the Division of Collections.

5 (2) The functions and duties of the department shall include conducting conferences,  
6 administering taxpayer protests, and settling tax controversies on a fair and  
7 equitable basis, taking into consideration the hazards of litigation to the  
8 Commonwealth of Kentucky and the taxpayer. The mission of the department shall  
9 be to afford an opportunity for taxpayers to have an independent informal review of  
10 the determinations of the audit functions of the department, and to attempt to fairly  
11 and equitably resolve tax controversies at the administrative level.

12 (3) The department shall maintain an accounting structure for the one hundred twenty  
13 (120) property valuation administrators' offices across the Commonwealth in order  
14 to facilitate use of the state payroll system and the budgeting process.

15 (4) Except as provided in KRS 131.190(4), the department shall fully cooperate with  
16 and make tax information available as prescribed under KRS 131.190(3) to the  
17 Governor's Office for Economic Analysis as necessary for the office to perform the  
18 tax administration function established in KRS 42.410.

19 (5) Executive directors and division directors established under this section shall be  
20 appointed by the secretary with the approval of the Governor under KRS 12.050.

21 ➔Section 24. KRS 131.030 is amended to read as follows:

22 (1) The Department of Revenue shall exercise all administrative functions of the state  
23 in relation to:

24 (a) The state revenue and tax laws;[,]

25 (b) *The publishing of administrative writings, tax forms, and instructions to*  
26 *those tax forms on its official website;*

27 (c) The licensing and registering of motor vehicles;[,]



- 1        (d) The equalization of tax assessments;~~;~~
- 2        (e) The assessment of public utilities and public service corporations for taxes;~~;~~
- 3        (f) The assessment of franchises;~~;~~
- 4        (g) The supervision of tax collections;~~;~~ and
- 5        (h) The enforcement of revenue and tax laws, either directly or through
- 6            supervision of tax administration activity in other departments to which the
- 7            department may commit administration of certain taxes.
- 8        (2) The department shall have all the powers and duties with reference to assessment or
- 9            equalization of the assessment of property heretofore exercised or performed by any
- 10           state board or commission.
- 11        (3) The department shall have all the powers and duties necessary to consider and settle
- 12           tax cases under KRS 131.110 and refund claims made under KRS 134.580. The
- 13           department is encouraged to settle controversies on a fair and equitable basis and
- 14           shall be authorized to settle tax controversies based on the hazards of litigation
- 15           applicable to them.
- 16        (4) The department shall have all the powers and duties necessary to collect any debts
- 17           owed to the Commonwealth, or any local government of the Commonwealth, that
- 18           are referred to the department by an organizational unit or administrative body in
- 19           the executive branch of state government, as defined in KRS 12.010, the Court of
- 20           Justice in the judicial branch of state government, and any local government, under
- 21           KRS 45.237 and 45.241.

22        ➔Section 25. KRS 131.081 is amended to read as follows:

23        The following rules, principles, or requirements shall apply in the administration of all

24        taxes subject to the jurisdiction of the department:

- 25        (1) The department shall develop and implement a Kentucky tax education and
- 26           information program ***that:***

27        (a) ***Is*** directed at new taxpayers, taxpayer and industry groups, and department

1 employees to enhance the understanding of and compliance with Kentucky  
2 tax laws;~~including~~

3 **(b) Includes information on:**

- 4 **1.** The application of new tax legislation to taxpayer activities; and  
5 **2.** Areas of recurrent taxpayer noncompliance or inconsistency of  
6 administration; **and**

7 **(c) Is published as part of the administrative writings posted on its official**  
8 **website;**

- 9 (2) The department shall publish brief statements in simple and nontechnical language  
10 which explain procedures, remedies, and the rights and obligations of taxpayers and  
11 the department. These statements shall be provided to taxpayers with the initial  
12 notice of audit; each original notice of tax due; each denial or reduction of a refund  
13 or credit claimed by a taxpayer; each denial, cancellation, or revocation of any  
14 license, permit, or other required authorization applied for or held by a taxpayer;  
15 and, if practical and appropriate, in informational publications by the department  
16 distributed to the public;
- 17 (3) Taxpayers shall have the right to be assisted or represented by an attorney,  
18 accountant, or other person in any conference, hearing, or other matter before the  
19 department. The taxpayer shall be informed of this right prior to conduct of any  
20 conference or hearing;
- 21 (4) The department shall perform audits and conduct conferences and hearings only at  
22 reasonable times and places;
- 23 (5) Taxpayers shall have the right to make audio recordings of any conference with or  
24 hearing by the department. The department may make similar audio recordings if  
25 prior written notice is given to the taxpayer or if the taxpayer records the conference  
26 or hearing. The taxpayer shall be entitled to a copy of this department recording or a  
27 transcript as provided in KRS 61.874;

- 1 (6) If any taxpayer's failure to submit a timely return or payment to the department is  
2 due to the taxpayer's reasonable reliance on written advice from the department, the  
3 taxpayer shall be relieved of any penalty or interest with respect thereto, provided  
4 the taxpayer requested the advice in writing from the department and the specific  
5 facts and circumstances of the activity or transaction were fully described in the  
6 taxpayer's request, the department did not subsequently rescind or modify the  
7 advice in writing, and there were no subsequent changes in applicable laws or  
8 regulations or a final decision of a court which rendered the department's earlier  
9 written advice no longer valid;
- 10 (7) Taxpayers shall have the right to receive a copy of any audit of the department by  
11 the Auditor of Public Accounts relating to the department's compliance with the  
12 provisions of KRS 131.041 to 131.081;
- 13 (8) (a) The department shall include with each notice of tax due a clear and concise  
14 description of the basis and amount of any tax, penalty, and interest assessed  
15 against the taxpayer and the agent's written narrative setting forth the grounds  
16 upon which the assessment is made.
- 17 (b) Copies of the agent's audit workpapers shall be:
- 18 1. Included with the notice of tax due; or  
19 2. Delivered electronically to the taxpayer.
- 20 (c) Taxpayers shall be similarly notified regarding the denial or reduction of any  
21 refund or credit claim filed by a taxpayer;
- 22 (9) (a) Taxpayers shall have the right to an installment payment agreement for the  
23 payment of delinquent taxes, penalties, and interest owed, provided the  
24 taxpayer requests the agreement in writing clearly demonstrating:
- 25 1. His or her inability to pay in full; and  
26 2. That the agreement will facilitate collection by the department of the  
27 amounts owed.

- 1 (b) The department may modify or terminate an installment payment agreement  
2 and may pursue statutory remedies against the taxpayer if it determines that:
- 3 1. The taxpayer has not complied with the terms of the agreement,  
4 including minimum payment requirements established by the  
5 agreement;
  - 6 2. The taxpayers' financial condition has sufficiently changed;
  - 7 3. The taxpayer fails to provide any requested financial condition update  
8 information;
  - 9 4. The taxpayer gave false or misleading information in securing the  
10 agreement; or
  - 11 5. The taxpayer fails to timely report and pay any other tax due the  
12 Commonwealth.
- 13 (c) The department shall give written notice to the taxpayer at least thirty (30)  
14 days prior to modifying or terminating an installment payment agreement  
15 unless the department has reason to believe that collection of the amounts  
16 owed will be jeopardized in whole or in part by delay;
- 17 (10) The department shall not knowingly authorize, require, or conduct any investigation  
18 or surveillance of any person for nontax administration related purposes, except  
19 internal security related investigations involving department personnel;
- 20 (11) In addition to the circumstances under which an extension of time for filing reports  
21 or returns may be granted pursuant to KRS 131.170, taxpayers shall be entitled to  
22 the same extension of the due date of any comparable Kentucky tax report or return  
23 for which the taxpayer has secured a written extension from the Internal Revenue  
24 Service provided the taxpayer notifies the department in writing and provides a  
25 copy of the extension at the time and in the manner which the department may  
26 require;
- 27 (12) The department shall bear the cost or, if paid by the taxpayer, reimburse the

1 taxpayer for recording or bank charges as the direct result of any erroneous lien or  
2 levy by the department, provided the erroneous lien or levy was caused by  
3 department error and, prior to issuance of the erroneous lien or levy, the taxpayer  
4 timely responded to all contacts by the department and provided information or  
5 documentation sufficient to establish his or her position. When the department  
6 releases any erroneous lien or levy, notice of the fact shall be mailed to the taxpayer  
7 and, if requested by the taxpayer, a copy of the release, together with an  
8 explanation, shall be mailed to the major credit reporting companies located in the  
9 county where it was filed;

10 (13) (a) The department shall not evaluate individual officers or employees on the  
11 basis of taxes assessed or collected or impose or suggest tax assessment or  
12 collection quotas or goals.

13 (b) No arrangement or contract shall be entered into for the service to:

- 14 1. Examine a taxpayer's books and records;
- 15 2. Collect a tax from a taxpayer; or
- 16 3. Provide legal representation of the department;

17 if any part of the compensation or other benefits paid or payable for the  
18 service is contingent upon or otherwise related to the amount of tax, interest,  
19 fee, or penalty assessed against or collected from the taxpayer. Any such  
20 arrangement or contract shall be void and unenforceable;

21 (14) Taxpayers shall have the right to bring an action for damages against the  
22 Commonwealth to the Board of Tax Appeals for actual and direct monetary  
23 damages sustained by the taxpayer as a result of willful, reckless, or intentional  
24 disregard by department employees of the rights of taxpayers as set out in KRS  
25 131.041 to 131.081 or in the tax laws administered by the department. In the  
26 awarding of damages pursuant to this subsection, the board shall take into  
27 consideration the negligence or omissions, if any, on the part of the taxpayer which

1 contributed to the damages. If any proceeding brought by a taxpayer is ruled  
2 frivolous by the Board of Tax Appeals, the department shall be reimbursed by the  
3 taxpayer for its costs in defending the action. Any claims brought pursuant to this  
4 subsection shall be in accordance with KRS 49.040 to 49.180; and

5 (15) Taxpayers shall have the right to privacy with regard to the information provided on  
6 their Kentucky tax returns and reports, including any attached information or  
7 documents. Except as provided in KRS 131.190, no information pertaining to the  
8 returns, reports, or the affairs of a person's business shall be divulged by the  
9 department to any person or be intentionally and without authorization inspected by  
10 any present or former commissioner or employee of the department, member of a  
11 county board of assessment appeals, property valuation administrator or employee,  
12 or any other person.

13 ➔Section 26. KRS 131.130 is amended to read as follows:

14 Without limitation of other duties assigned to it by law, the following powers and duties  
15 are vested in the department~~[of Revenue]~~:

16 (1) The department may promulgate administrative regulations, and direct proceedings  
17 and actions, for the administration and enforcement of all tax laws of this state. To  
18 assist taxpayers in understanding and interpreting the tax laws, the department may,  
19 through incorporation by reference, include examples as part of any administrative  
20 regulation. The examples may include demonstrative, nonexclusive lists of items if  
21 the department determines the lists would be helpful to taxpayers in understanding  
22 the application of the tax laws.

23 (2) The department, by representatives it appoints in writing, may take testimony or  
24 depositions, and may examine hard copy or electronic records, any person's  
25 documents, files, and equipment if those records, documents, or equipment will  
26 furnish knowledge concerning any taxpayer's tax liability, when it deems this  
27 reasonably necessary to the performance of its functions. The department may

1 enforce this right by application to the Circuit Court in the county where the person  
2 is domiciled or has his or her principal office, or by application to the Franklin  
3 Circuit Court, which courts may compel compliance with the orders of the  
4 department.

5 (3) The department shall prescribe the style, and determine and enforce the use or  
6 manner of keeping, of all assessment and tax forms and records employed by state  
7 and county officials, and may prescribe forms necessary for the administration of  
8 any revenue law.

9 (4) The department shall advise on all questions respecting the construction of state  
10 revenue laws and its application to various classes of taxpayers and property.

11 (5) Attorneys employed by the Finance and Administration Cabinet and approved by  
12 the Attorney General as provided in KRS 15.020 may prosecute all violations of the  
13 criminal and penal laws relating to revenue and taxation. If a Finance and  
14 Administration Cabinet attorney undertakes any of the actions prescribed in this  
15 subsection, that attorney shall be authorized to exercise all powers and perform all  
16 duties in respect to the criminal actions or proceedings which the prosecuting  
17 attorney would otherwise perform or exercise, including the authority to sign, file,  
18 and present any complaints, affidavits, information, presentments, accusations,  
19 indictments, subpoenas, and processes of any kind, and to appear before all grand  
20 juries, courts, or tribunals.

21 (6) In the event of the incapacity of attorneys employed by the Finance and  
22 Administration Cabinet or at the request of the secretary of the Finance and  
23 Administration Cabinet, the Attorney General or his or her designee shall prosecute  
24 all violations of the criminal and penal laws relating to revenue and taxation. If the  
25 Attorney General undertakes any of the actions prescribed in this subsection, he or  
26 she shall be authorized to exercise all powers and perform all duties in respect to  
27 the criminal actions or proceedings which the prosecuting attorney would otherwise

1 perform or exercise, including but not limited to the authority to sign, file, and  
2 present any and all complaints, affidavits, information, presentments, accusations,  
3 indictments, subpoenas, and processes of any kind, and to appear before all grand  
4 juries, courts, or tribunals.

5 (7) The department may require the Commonwealth's attorneys and county attorneys to  
6 prosecute actions and proceedings and perform other services incident to the  
7 enforcement of laws assigned to the department for administration.

8 (8) (a) Notwithstanding KRS Chapter 13A, the department may research the fields of  
9 taxation, finance, and local government administration, publish its findings,  
10 respond to the public's and taxpayers' questions, and publish its responses~~, as~~  
11 ~~the commissioner may deem wise~~.

12 (b) To assist taxpayers and the public in understanding and interpreting the tax  
13 laws, the department:

14 1. May include examples as part of any response or publication. The  
15 examples may include demonstrative, nonexclusive lists of items, if the  
16 department determines that the list would be helpful to taxpayers in  
17 understanding the application of the tax laws; and

18 2. *Shall publish its administrative writings, tax forms, and instructions to*  
19 *those tax forms on its official website in accordance with subsection*  
20 *(1)(b) of Section 23 of this Act.*

21 (9) The department may promulgate administrative regulations necessary to establish a  
22 system of taxpayer identifying numbers for the purpose of securing proper  
23 identification of taxpayers subject to any tax laws or other revenue measure of this  
24 state, and may require the taxpayer to place on any return, report, statement, or  
25 other document required to be filed, any number assigned pursuant to the  
26 administrative regulations.

27 (10) The department may, when it is in the best interest of the Commonwealth and



1 helpful to the efficient and effective enforcement, administration, or collection of  
2 sales and use tax, motor fuels tax, or the petroleum environmental assurance fee,  
3 enter into agreements with out-of-state retailers or other persons for the collection  
4 and remittance of sales and use tax, the motor fuels tax, or the petroleum  
5 environmental assurance fee.

6 (11) The department may enter into annual memoranda of agreement with any state  
7 agency, officer, board, commission, corporation, institution, cabinet, department, or  
8 other state organization to assume the collection duties for any debts due the state  
9 entity, except for consumer debt owed for health care goods and services, and may  
10 renew that agreement for up to five (5) years. Under such an agreement, the  
11 department shall have all the powers, rights, duties, and authority with respect to the  
12 collection, refund, and administration of those liquidated debts as provided under:

13 (a) KRS Chapters 131, 134, and 135 for the collection, refund, and administration  
14 of delinquent taxes; and

15 (b) Any applicable statutory provisions governing the state agency, officer, board,  
16 commission, corporation, institution, cabinet, department, or other state  
17 organization for the collection, refund, and administration of any liquidated  
18 debts due the state entity.

19 (12) Notwithstanding subsection (11) of this section, KRS 45.237, 45.238, 45.241, or  
20 131.030, or any agreement to the contrary, the department shall not collect or  
21 continue collection duties of any consumer debts owed for health care goods and  
22 services. For the purpose of this section, "consumer debt" shall be defined as a debt  
23 incurred by an individual, as defined in KRS 141.010, for a personal or family  
24 purpose, regardless of whether an obligation has been reduced to judgment.

25 (13) The department may refuse to accept a personal check in payment of taxes due or  
26 collected from any person who has ever tendered a check to the state which, when  
27 presented for payment, was not honored. Any check so refused shall be considered

1 as never having been tendered.

2 ➔Section 27. KRS 131.131 is amended to read as follows:

3 Notwithstanding KRS 13A.110, the department~~[of Revenue]~~ shall publish tax forms and  
4 instructions to those forms on its official website in accordance with subsection (1)(b) of  
5 Section 23 of this Act without promulgation of an administrative regulation.

6 ➔Section 28. KRS 138.472 is amended to read as follows:

7 (1) As used in this section:

8 (a) "Bad debt" has the same meaning as in 26 U.S.C. sec. 166, except that the  
9 following shall be excluded:

10 1. Financing charges or interest;

11 2. Excise or sales and use taxes charged on the purchase price;

12 3. Uncollectible amounts on property that remains in the possession of  
13 the person until the full purchase price is paid;

14 4. Expenses incurred in attempting to collect any debt; or

15 5. Repossessed property;

16 (b) "Charged off for income tax purposes" means:

17 1. The charging off of unpaid balances due on accounts determined to be  
18 uncollectable; or

19 2. Declaring as uncollectable the unpaid balance due on accounts if the  
20 person is not required to file federal income tax returns;

21 (c) "Department" means the Kentucky Department of Revenue;

22 (d)~~(b)~~ "Gross receipts" means the total consideration received for the:

23 1. Rental of a vehicle, including the daily or hourly rental fee, fees charged  
24 for using the services, charges for insurance protection plans, fuel  
25 charges, pickup and delivery fees, late fees, and any charges for any  
26 services necessary to complete the rental transaction made by a:

27 a. Peer-to-peer car sharing company; or

- 1                   b.    Motor vehicle rental company; and
- 2                   2.    Charges made to provide the service to a user, including any charges for
- 3                   time or mileage, fees for using the services, and any charges for any
- 4                   services necessary to complete the transaction made by a:
- 5                   a.    TNC;
- 6                   b.    Taxicab; or
- 7                   c.    Limousine service provider;

8       ~~(e)~~~~(c)~~    The following terms have the same meaning as in KRS 281.010:

- 9                   1.    "Human service transportation delivery";
- 10                  2.    "Limousine";
- 11                  3.    "Peer-to-peer car sharing certificate";
- 12                  4.    "Peer-to-peer car sharing company";
- 13                  5.    "Peer-to-peer car sharing driver";
- 14                  6.    "Peer-to-peer car sharing program";
- 15                  7.    "Shared vehicle";
- 16                  8.    "Shared vehicle driver";
- 17                  9.    "Taxicab";
- 18                  10.  "Transportation network company" or "TNC";
- 19                  11.  "Transportation network company service" or "TNC service"; and
- 20                  12.  "U-Drive-It";

21       ~~(f)~~~~(d)~~    "Motor vehicle rental company" has the same meaning as in KRS  
22                   281.687; and

23       ~~(g)~~~~(e)~~    "Person" means the individual or the entity required to be the holder of  
24                   any of the following certificates in KRS 281.630:

- 25                  1.    Limousine;
- 26                  2.    Peer-to-peer car sharing;
- 27                  3.    Taxicab;

- 1           4.    Transportation network; and
- 2           5.    U-Drive-It.
- 3   (2)   (a)   An excise tax is imposed upon every person for the privilege of providing a
- 4           motor vehicle for sharing or for rent, with or without a driver, within the
- 5           Commonwealth.
- 6           (b)   The tax is imposed at the rate of six percent (6%) of the gross receipts derived
- 7           from the:
- 8           1.    Rental of a shared vehicle by a peer-to-peer car sharing company;
- 9           2.    Rental of a vehicle by a motor vehicle renting company;
- 10          3.    Sales of TNC services;
- 11          4.    Sales of taxicab services; and
- 12          5.    Sales of limousine services.
- 13          (c)   Excluded from the tax are receipts derived from the provision of human
- 14          service transportation delivery.
- 15   (3)   (a)   The tax imposed under subsection (2) of this section shall be administered and
- 16          collected by the department. Revenues generated from the tax shall be
- 17          deposited into the general fund.
- 18          (b)   On or before the twentieth day of the month following each calendar month, a
- 19          return for the preceding month shall be filed with the department by every
- 20          person required to pay the tax in a form prescribed by the department.
- 21   (4)   The tax imposed by subsection (2) of this section shall be the direct obligation of
- 22          the peer-to-peer car sharing company, the motor vehicle renting company, the TNC,
- 23          the taxicab service provider, and the limousine service provider, but it may be
- 24          charged to and collected from the user of the service. The tax shall be remitted to
- 25          the department each month on forms and pursuant to administrative regulations
- 26          promulgated by the department.
- 27   (5)   *(a) A person may deduct as a bad debt the amount found to be worthless and*

1           charged off for income tax purposes, provided the person is reporting and  
2           remitting this tax on the accrual basis.

3           **(b) The person may take the deduction on the return for the period during**  
4           **which the bad debt is written off as uncollectable in the person's books and**  
5           **records and is eligible to be charged off for income tax purposes.**

6           **(c) 1. The person may obtain a refund equal to the amount of bad debt that**  
7           **exceeds the amount of tax due for the period during which the bad**  
8           **debt is written off.**

9           **2. The refund claim shall be made within four (4) years from the due**  
10           **date of the return on which the bad debt could first be claimed.**

11           **3. Notwithstanding KRS 131.183, no interest shall be paid upon any**  
12           **deduction taken or refund made for bad debts.**

13           **(d) If any bad debt accounts are thereafter, in whole or in part, collected by the**  
14           **person, the amount collected shall be included in the return filed for the**  
15           **period in which the collection is made and the amount of the tax due shall**  
16           **be paid with the return.**

17           **(e) For purposes of computing a bad debt deduction or reporting a payment**  
18           **received on a previously claimed bad debt, any payments made on a debt or**  
19           **account shall be applied first to the price of the service and the excise tax on**  
20           **the service, proportionally, and then to interest, service charges, and any**  
21           **other charges.**

22           **(6)** (a) As soon as practicable after each return is received, the department shall  
23           examine and audit the return. If the amount of taxes computed by the  
24           department is greater than the amount returned by the person, the excess shall  
25           be assessed by the department within four (4) years from the date the return  
26           was filed, except as provided in paragraph (c) of this subsection, and except  
27           that in the case of a failure to file a return or of a fraudulent return the excess

1           may be assessed at any time. A notice of such assessment shall be mailed to  
2           the person.

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

6           (c) Notwithstanding the four (4) year time limitation of paragraph (a) of this  
7           subsection, in the case of a return where the amount of taxes computed by the  
8           department is greater by twenty-five percent (25%) or more than the amount  
9           returned by the person, the excess shall be assessed by the department within  
10          six (6) years from the date the return was filed.

11       ~~(7)(6)~~ Failure to remit the taxes shall be sufficient cause for the Department of  
12       Vehicle Regulation to void the certificate issued to a:

- 13       (a) Limousine certificate holder;  
14       (b) Peer-to-peer car sharing certificate holder;  
15       (c) Taxicab certificate holder;  
16       (d) TNC certificate holder; or  
17       (e) U-Drive-It certificate holder.

18       ~~(8)(7)~~ If a person fails or refuses to file a return or furnish any information requested  
19       in writing, the department may, from any information in its possession, make an  
20       estimate of the certificate holder's total trip costs and issue an assessment against  
21       the certificate holder based on the estimated trip cost charges and add a penalty of  
22       ten percent (10%) of the amount of the assessment so determined. This penalty shall  
23       be in addition to all other applicable penalties provided by law.

24       ~~(9)(8)~~ If the tax imposed by subsection (2) of this section is not paid on or before the  
25       date prescribed for its payment, there shall be collected, as a part of the tax, interest  
26       upon the unpaid amount at the tax interest rate as defined in KRS 131.010(6) from  
27       the date prescribed for its payment until payment is actually made.

1 **(10) (a) For purposes of this subsection, "taxes" shall include:**

2 **1. Interest accrued at the rate provided by KRS 131.183;**

3 **2. All applicable penalties imposed under this chapter; and**

4 **3. All applicable penalties and fees imposed under KRS 131.180, 131.410**  
 5 **to 131.445, and 131.990.**

6 **1.**~~(9)~~ Notwithstanding any other provisions of this chapter to the  
 7 contrary, the president, vice president, secretary, treasurer, or any other  
 8 person holding any equivalent corporate office of any corporation  
 9 subject to the provisions of this **section**~~chapter~~ shall be personally and  
 10 individually liable, both jointly and severally, for the taxes imposed  
 11 under this **section**~~chapter~~, and neither the corporate dissolution nor  
 12 withdrawal of the corporation from the state nor the cessation of holding  
 13 any corporate office shall discharge the foregoing liability of any  
 14 person.

15 **2.** The personal and individual liability shall apply to each and every  
 16 person holding the corporate office at the time the taxes become or  
 17 became due.

18 **3.** No person will be personally and individually liable pursuant to this  
 19 section who had no authority in the management of the business or  
 20 financial affairs of the corporation at the time that the taxes imposed by  
 21 this **section**~~chapter~~ become or became due.~~["Taxes" as used in this~~  
 22 ~~section shall include interest accrued at the rate provided by KRS~~  
 23 ~~139.650 and all applicable penalties imposed under this chapter and all~~  
 24 ~~applicable penalties and fees imposed under KRS 131.180, 131.410 to~~  
 25 ~~131.445, and 131.990.]~~

26 **1.**~~(10)~~ Notwithstanding any other provisions of this chapter, KRS  
 27 275.150, 362.1-306(3) or predecessor law, or 362.2-404(3) to the

1 contrary, the managers of a limited liability company, the partners of a  
 2 limited liability partnership, and the general partners of a limited  
 3 liability limited partnership, or any other person holding any equivalent  
 4 office of a limited liability company, limited liability partnership, or  
 5 limited liability limited partnership subject to the provisions of this  
 6 section~~[chapter]~~, shall be personally and individually liable, both jointly  
 7 and severally, for the taxes imposed under this section~~[chapter]~~.

8 2. Dissolution, withdrawal of the limited liability company, limited  
 9 liability partnership, or limited liability limited partnership from the  
 10 state, or the cessation of holding any office shall not discharge the  
 11 liability of any person.

12 3. The personal and individual liability shall apply to each and every  
 13 manager of a limited liability company, partner of a limited liability  
 14 partnership, and general partner of a limited liability limited partnership  
 15 at the time the taxes become or became due.

16 4. No person shall be personally and individually liable under this  
 17 subsection who had no authority to collect, truthfully account for, or pay  
 18 over any tax imposed by this section~~[chapter]~~ at the time that the taxes  
 19 imposed by this section~~[chapter]~~ become or became due. [~~"Taxes" as~~  
 20 ~~used in this section shall include interest accrued at the rate provided by~~  
 21 ~~KRS 131.183, all applicable penalties imposed under this chapter, and~~  
 22 ~~all applicable penalties and fees imposed under KRS 131.180, 131.410~~  
 23 ~~to 131.445, and 131.990.]~~

24 (11) Any person who violates any of the provisions of this section shall be subject to the  
 25 uniform civil penalties imposed pursuant to KRS 131.180.

26 ➔Section 29. KRS 154.30-010 is amended to read as follows:

27 As used in this subchapter:



1 (1) "Activation date" means:

2 (a) For all projects except those described in paragraph (b) of this subsection, the  
3 date established any time within a two (2) year period after the  
4 commencement date. The Commonwealth may extend the two (2) year period  
5 to no more than four (4) years upon written application by the agency  
6 requesting the extension; and

7 (b) For signature projects approved under KRS 154.30-050(2)(a), the date  
8 established any time within a ten (10) year period after the commencement  
9 date.

10 For all projects established after July 14, 2018, the activation date is the date on  
11 which the time period for the pledge of incremental revenues shall commence. To  
12 implement the activation date, the minimum capital investment must be met and the  
13 agency that is a party to the tax incentive agreement shall notify the office;

14 (2) "Agency" means:

15 (a) An urban renewal and community development agency established under  
16 KRS Chapter 99;

17 (b) A development authority established under KRS Chapter 99;

18 (c) A nonprofit corporation;

19 (d) A housing authority established under KRS Chapter 80;

20 (e) An air board established under KRS 183.132 to 183.160;

21 (f) A local industrial development authority established under KRS 154.50-301  
22 to 154.50-346;

23 (g) A riverport authority established under KRS 65.510 to 65.650; or

24 (h) A designated department, division, or office of a city or county;

25 (3) "Approved public infrastructure costs" means costs associated with the acquisition,  
26 installation, construction, or reconstruction of public works, public improvements,  
27 and public buildings, including planning and design costs associated with the

1 development of such public amenities. "Approved public infrastructure costs"  
2 includes but is not limited to costs incurred for the following:

- 3 (a) Land preparation, including demolition and clearance work;
- 4 (b) Buildings;
- 5 (c) Sewers and storm drainage;
- 6 (d) Curbs, sidewalks, promenades, and pedways;
- 7 (e) Roads;
- 8 (f) Street lighting;
- 9 (g) The provision of utilities;
- 10 (h) Environmental remediation;
- 11 (i) Floodwalls and floodgates;
- 12 (j) Public spaces or parks;
- 13 (k) Parking;
- 14 (l) Easements and rights-of-way;
- 15 (m) Transportation facilities;
- 16 (n) Public landings;
- 17 (o) Amenities, such as fountains, benches, and sculptures; and
- 18 (p) Riverbank modifications and improvements;

19 (4) "Approved signature project costs" means:

- 20 (a) The acquisition of land for portions of the project that are for infrastructure;
- 21 and
- 22 (b) Costs associated with the acquisition, installation, development, construction,
- 23 improvement, or reconstruction of infrastructure, including planning and
- 24 design costs associated with the development of infrastructure, including but
- 25 not limited to parking structures, including portions of parking structures that
- 26 serve as platforms to support development above;

27 that have been determined by the commission to represent a unique challenge in the

- 1 financing of a project such that the project could not be developed without  
2 incentives intended by this chapter to foster economic development;
- 3 (5) "Authority" means the Kentucky Economic Development Finance Authority  
4 established by KRS 154.20-010;
- 5 (6) "Capital investment" means:
- 6 (a) Obligations incurred for labor and to contractors, subcontractors, builders, and  
7 materialmen in connection with the acquisition, construction, installation,  
8 equipping, and rehabilitation of a project;
- 9 (b) The cost of acquiring land or rights in land within the development area on the  
10 footprint of the project, and any cost incident thereto, including recording  
11 fees;
- 12 (c) The cost of contract bonds and of insurance of all kinds that may be required  
13 or necessary during the course of acquisition, construction, installation,  
14 equipping, and rehabilitation of a project which is not paid by the contractor  
15 or contractors or otherwise provided;
- 16 (d) All costs of architectural and engineering services, including test borings,  
17 surveys, estimates, plans, specifications, preliminary investigations,  
18 supervision of construction, and the performance of all the duties required by  
19 or consequent upon the acquisition, construction, installation, equipping, and  
20 rehabilitation of a project;
- 21 (e) All costs that are required to be paid under the terms of any contract for the  
22 acquisition, construction, installation, equipping, and rehabilitation of a  
23 project; and
- 24 (f) All other costs of a nature comparable to those described in this subsection  
25 that occur after preliminary approval;
- 26 (7) "City" means any city, consolidated local government, or urban-county  
27 government;

- 1 (8) "Commencement date" means the final approval date or the date on which a tax  
2 incentive agreement is executed;
- 3 (9) "Commonwealth" means the Commonwealth of Kentucky;
- 4 (10) "County" means any county, consolidated local government, charter county, unified  
5 local government, or urban-county government;
- 6 (11) "CPI" means the nonseasonally adjusted Consumer Price Index for all urban  
7 consumers, all items, base year computed for 1982 to 1984 equals one hundred  
8 (100), published by the United States Department of Labor, Bureau of Labor  
9 Statistics;
- 10 (12) "Department" means the Department of Revenue;
- 11 (13) "Development area" means an area established under KRS 65.7049, 65.7051, and  
12 65.7053;
- 13 (14) "Economic development projects" means projects which are approved for tax  
14 credits under Subchapter 20, 22, 23, 24, 25, 26, 27, 28, 34, or 48 of KRS Chapter  
15 154;
- 16 (15) "Financing costs" means principal, interest, costs of issuance, debt service reserve  
17 requirements, underwriting discount, costs of credit enhancement or liquidity  
18 instruments, and other costs directly related to the issuance of bonds or debt for  
19 approved public infrastructure costs or approved signature project costs for projects  
20 approved pursuant to KRS 154.30-050;
- 21 (16) "Footprint" means the actual perimeter of a discrete, identified project within a  
22 development area. The footprint shall not include any portion of a development area  
23 outside the area for which actual capital investments are made and must be  
24 contiguous;
- 25 (17) "Governing body" means the body possessing legislative authority in a city or  
26 county;
- 27 (18) "Increment bonds" means bonds and notes issued for the purpose of paying the

1 costs of one (1) or more projects;

2 (19) "Incremental revenues" means:

3 (a) The amount of revenues received by a taxing district, as determined by  
4 subtracting old revenues from new revenues in a calendar year with respect to  
5 a development area, or a project within a development area; or

6 (b) The amount of revenues received by the Commonwealth as determined by  
7 subtracting old revenues from new revenues in a calendar year with respect to  
8 the footprint;

9 (20) "Local participation agreement" means the agreement entered into under KRS  
10 65.7063;

11 (21) "Local tax revenues" has the same meaning as in KRS 65.7045;

12 (22) "Modified new revenues for income tax" means the amount of individual income  
13 tax included in state tax revenues that is:

14 (a) The result of multiplying the portion of state tax revenues from individual  
15 income taxes by the modifier;

16 (b) Used for calculating state tax revenues in calendar years 2023 ~~to 2026~~ and  
17 ~~2024~~; and

18 (c) For projects approved prior to January 1, 2023;

19 (23) "Modifier" means the result of dividing the individual income tax rate of five  
20 percent (5%), in effect as of December 31, 2022, by the individual income tax rate  
21 under KRS 141.020 for the calendar year in which the new revenues for income tax  
22 are being computed;

23 (24) "New revenues" means:

24 (a) The amount of local tax revenues received by a taxing district with respect to  
25 a development area in any calendar year beginning with the year in which the  
26 activation date occurred; and

27 (b) The amount of state tax revenues received by the Commonwealth with respect

1 to the footprint in any calendar year beginning with the year in which the  
2 activation date occurred.

3 For projects approved prior to January 1, 2023, any state tax revenues received by  
4 the Commonwealth from individual income tax shall be computed using modified  
5 new revenues for income tax;

6 (25) "Old revenues" means:

7 (a) The amount of local tax revenues received by a taxing district with respect to  
8 a development area as of December 31 of the year of preliminary approval; or

9 (b) 1. The amount of state tax revenues received by the Commonwealth within  
10 the footprint as of December 31 of the year of preliminary approval. If  
11 the authority determines that the amount of state tax revenues received  
12 as of December 31 of the last calendar year prior to the commencement  
13 of preliminary approval does not represent a true and accurate depiction  
14 of revenues, the authority may consider revenues for a period of no  
15 longer than three (3) calendar years prior to the year of preliminary  
16 approval, so as to determine a fair representation of state tax revenues.  
17 The amount determined by the authority shall be specified in the tax  
18 incentive agreement. If state tax revenues were derived from the  
19 footprint prior to the year of preliminary approval, old revenues shall  
20 increase each calendar year by:

21 a. The percentage increase, if any, of the CPI or a comparable index;  
22 or

23 b. An alternative percentage increase that is determined to be  
24 appropriate by the authority.

25 The method for increasing old revenues shall be set forth in the tax  
26 incentive agreement;

27 2. If state revenues were derived from the footprint prior to the year of

1 preliminary approval, the calculation of incremental revenues shall be  
2 based on the value of old revenues as increased using the method  
3 prescribed in subparagraph 1. of this paragraph to reflect the same  
4 calendar year as is used in the determination of new revenues;

5 (26) "Outstanding" means increment bonds that have been issued, delivered, and paid  
6 for by the purchaser, except any of the following:

7 (a) Increment bonds canceled upon surrender, exchange, or transfer, or upon  
8 payment or redemption;

9 (b) Increment bonds in replacement of which or in exchange for which other  
10 increment bonds have been issued; or

11 (c) Increment bonds for the payment, redemption, or purchase for cancellation  
12 prior to maturity, of which sufficient moneys or investments, in accordance  
13 with the ordinance or other proceedings or any applicable law, by mandatory  
14 sinking fund redemption requirements, or otherwise, have been deposited, and  
15 credited in a sinking fund or with a trustee or paying or escrow agent, whether  
16 at or prior to their maturity or redemption, and, in the case of increment bonds  
17 to be redeemed prior to their stated maturity, notice of redemption has been  
18 given or satisfactory arrangements have been made for giving notice of that  
19 redemption, or waiver of that notice by or on behalf of the affected bond  
20 holders has been filed with the issuer or its agent;

21 (27) "Preliminary approval" means the action taken by the authority preliminarily  
22 approving an eligible project for incentives under this subchapter;

23 (28) "Project" means any property, asset, or improvement located in a development area  
24 and certified by the governing body as:

25 (a) Being for a public purpose; and

26 (b) Being for the development of facilities for residential, commercial, industrial,  
27 public, recreational, or other uses, or for open space, including the

1 development, rehabilitation, renovation, installation, improvement,  
2 enlargement, or extension of real estate and buildings; and

3 (c) Contributing to economic development or tourism; and

4 (d) Meeting the additional requirements established by KRS 154.30-040, 154.30-  
5 050, or 154.30-060;

6 (29) "Signature project" means a project approved under KRS 154.30-050;

7 (30) "State real property ad valorem tax" means real property ad valorem taxes levied  
8 under KRS 132.020(1)(a);

9 (31) "State tax revenues" means revenues received by the Commonwealth from one (1)  
10 or more of the following sources:

11 (a) State real property ad valorem taxes;

12 (b) Individual income taxes levied under KRS 141.020, other than individual  
13 income taxes that have already been pledged to support an economic  
14 development project within the development area;

15 (c) Corporation income taxes levied under KRS 141.040, other than corporation  
16 income taxes that have already been pledged to support an economic  
17 development project within the development area;

18 (d) Limited liability entity taxes levied under KRS 141.0401, other than limited  
19 liability entity taxes that have already been pledged to support an economic  
20 development project within the development area; and

21 (e) Sales taxes levied under KRS 139.200, excluding sales taxes already pledged  
22 for:

23 1. Approved tourism attraction projects, as defined in KRS 148.851, within  
24 the development area; and

25 2. Projects which are approved for sales tax refunds under Subchapter 20  
26 of KRS Chapter 154 within the development area;

27 (32) "Tax incentive agreement" means an agreement entered into in accordance with



1 KRS 154.30-070; and

2 (33) "Termination date" means:

3 (a) For a tax incentive agreement satisfying the requirements of KRS 154.30-040  
4 or 154.30-060, a date established by the tax incentive agreement that is no  
5 more than twenty (20) years from the activation date. However, the  
6 termination date for a tax incentive agreement shall in no event be more than  
7 forty (40) years from the establishment date of the development area to which  
8 the tax incentive agreement relates; and

9 (b) For a project grant agreement satisfying the requirements of KRS 154.30-050,  
10 a date established by the tax incentive agreement that is no more than thirty  
11 (30) years from the activation date. However, the termination date for a tax  
12 incentive agreement shall in no event be more than forty (40) years from the  
13 establishment date of the development area to which the tax incentive  
14 agreement relates.

15 ➔Section 30. KRS 186.162 is amended to read as follows:

16 (1) As used in this section and in KRS 186.043, 186.164, 186.166, 186.1722, and  
17 186.174:

18 (a) "Special license plate" means a unique license plate issued under this chapter  
19 to a group or organization that readily identifies the operator of the motor  
20 vehicle or motorcycle bearing the plate as a member of a group or  
21 organization, or a supporter of the work, goals, or mission of a group or  
22 organization. The term shall not include regular license plates issued under  
23 KRS 186.240;

24 (b) "Street rod" means a modernized private passenger motor vehicle  
25 manufactured prior to the year 1949, or designed or manufactured to resemble  
26 a vehicle manufactured prior to 1949;

27 (c) "SF" means the portion of an initial or renewal fee to obtain a special license

1 plate that is dedicated for use by the Transportation Cabinet;

2 (d) "CF" means the county clerk's fee for issuing a motor vehicle registration as  
 3 established under KRS 186.040(1). If a CF amount is charged for a license  
 4 plate listed in this section, the applicant for that plate shall also pay the fees  
 5 identified in KRS 186.040(6). If a CF amount is not charged, the applicant  
 6 shall not be required to pay those fees; and

7 (e) "EF" means the portion of an initial or renewal fee to obtain a special license  
 8 plate that is mandated by this chapter to be dedicated for use by a particular  
 9 group or organization.

10 (2) The initial purchase fee and renewal fee for a special license plate created under this  
 11 chapter shall be as established in this subsection and includes the name of group or  
 12 organization and the total initial and renewal fee required for the plate. The amount  
 13 in parentheses indicates how the total fee is required to be divided:

14 (a) Disabled veterans who receive assistance to purchase a vehicle from the  
 15 United States Department of Veterans' Affairs, veterans declared by the  
 16 United States Department of Veterans' Affairs to be one hundred percent  
 17 (100%) service-connected disabled, and recipients of the Congressional  
 18 Medal of Honor:

19 1. Initial Fee: \$0 (\$0 SF/\$0 CF/\$0 EF).

20 2. Renewal Fee: \$0 (\$0 SF/\$0 CF/\$0 EF).

21 (b) Former prisoners of war and survivors of Pearl Harbor:

22 1. Initial Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'  
 23 program trust fund established under KRS 40.460).

24 2. Renewal Fee: \$6 (\$0 SF/\$6 CF/\$0 EF).

25 (c) Members of the Kentucky National Guard and recipients of the Purple Heart:

26 1. Initial Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'  
 27 program trust fund established under KRS 40.460).

- 1           2.   Renewal Fee:   \$11           (\$0 SF/\$6 CF/\$5 EF to the veterans'  
2                         program trust fund established under KRS 40.460).
- 3           (d)   Members of the Civil Air Patrol; active, retired, veteran, reserve, or auxiliary  
4                         members of the United States Army, Navy, Air Force, Marine Corps, or Coast  
5                         Guard; Merchant Marines who served between December 7, 1941, and  
6                         August 15, 1945; recipients of the Silver Star Medal, the Distinguished Flying  
7                         Cross, the Air Medal, the Combat Action Badge, the Combat Infantry Badge,  
8                         or the Bronze Star Medal; persons who wish to receive Gold Star Mothers,  
9                         Gold Star Fathers, or Gold Star Spouses license plates beyond the two (2)  
10                        exempted from fees under KRS 186.041(6); individuals eligible for a special  
11                        military service academy license plate under KRS 186.041(8); individuals  
12                        eligible for a special military unit license plate under KRS 186.163; and  
13                        disabled veterans who have been declared to be between fifty percent (50%)  
14                        and ninety-nine percent (99%) service-connected disabled by the United  
15                        States Department of Veterans' Affairs:
- 16           1.   Initial Fee:        \$23           (\$12 SF/\$6 CF/\$5 EF to the veterans'  
17                         program trust fund established under KRS 40.460).
- 18           2.   Renewal Fee:        \$23           (\$12 SF/\$6 CF/\$5 EF to the veterans'  
19                         program trust fund established under KRS 40.460).
- 20           (e)   Recipients of the Distinguished Service Cross, Navy Cross, or Air Force  
21                         Cross:
- 22           1.   Initial Fee:        \$6            (\$0 SF/\$6 CF/\$0 EF).
- 23           2.   Renewal Fee:        \$6            (\$0 SF/\$6 CF/\$0 EF).
- 24           (f)   Disabled license plates:
- 25           1.   Initial Fee:        \$18           (\$12 SF/\$6 CF/\$0 EF).
- 26           2.   Renewal Fee:        \$18           (\$12 SF/\$6 CF/\$0 EF).
- 27           (g)   Historic vehicles:

- 1           1.    Initial Fee for two plates:   \$56  (\$50 SF/\$6 CF/\$0 EF).
- 2           2.    Renewal Fee: Do not renew annually.
- 3           (h)  Members of Congress:
- 4           1.    Initial Fee:       \$43       (\$37 SF/\$6 CF/\$0 EF).
- 5           2.    Renewal Fee:   \$23       (\$12 SF/\$6 CF/\$5 EF to the veterans'
- 6                    program trust fund established under KRS 40.460).
- 7           (i)  Firefighters:
- 8           1.    Initial Fee:       \$28       (\$12 SF/\$6 CF/\$10 EF to the Kentucky
- 9                    Firefighters Association).
- 10          2.    Renewal Fee:   \$28       (\$12 SF/\$6 CF/\$10 EF to the Kentucky
- 11                   Firefighters Association).
- 12          (j)  Emergency management:
- 13          1.    Initial Fee:       \$31       (\$25 SF/\$6 CF/\$0 EF).
- 14          2.    Renewal Fee:   \$18       (\$12 SF/\$6 CF/\$0 EF).
- 15          (k)  Fraternal Order of Police:
- 16          1.    Initial Fee:       \$41       (\$25 SF/\$6 CF/\$10 EF to the Kentucky
- 17                    FOP Death Benefit Fund).
- 18          2.    Renewal Fee:   \$28       (\$12 SF/\$6 CF/\$10 EF to the Kentucky
- 19                    FOP Death Benefit Fund).
- 20          (l)  Law Enforcement Memorial:
- 21          1.    Initial Fee:       \$41       (\$25 SF/\$6 CF/\$10 EF to the Kentucky
- 22                    Law Enforcement Memorial Foundation, Inc.).
- 23          2.    Renewal Fee:   \$28       (\$12 SF/\$6 CF/\$10 EF to the Kentucky
- 24                    Law Enforcement Memorial Foundation, Inc.).
- 25          (m)  Personalized plates:
- 26          1.    Initial Fee:       \$43       (\$37 SF/\$6 CF/\$0 EF).
- 27          2.    Renewal Fee:   \$43       (\$37 SF/\$6 CF/\$0 EF).

- 1 (n) Street rods:
- 2 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).
- 3 2. Renewal Fee: \$18 (\$12 SF/\$6 CF/\$0 EF).
- 4 (o) Nature plates:
- 5 1. Initial Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to Kentucky
- 6 Heritage Land Conservation Fund established under KRS 146.570).
- 7 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to Kentucky
- 8 Heritage Land Conservation Fund established under KRS 146.570).
- 9 (p) Amateur radio:
- 10 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).
- 11 2. Renewal Fee: \$18 (\$12 SF/\$6 CF/\$0 EF).
- 12 (q) Kentucky General Assembly:
- 13 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).
- 14 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'
- 15 program trust fund established under KRS 40.460).
- 16 (r) Kentucky Court of Justice:
- 17 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).
- 18 2. Renewal Fee: \$11 (\$0 SF/\$6 CF/\$5 EF to the veterans'
- 19 program trust fund established under KRS 40.460).
- 20 (s) Masons:
- 21 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the Masonic
- 22 Homes of Kentucky).
- 23 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the Masonic
- 24 Homes of Kentucky).
- 25 (t) Collegiate plates:
- 26 1. Initial Fee: \$53 (\$37 SF/\$6 CF/\$10 EF to the general
- 27 scholarship fund of the university whose name will be borne on the

1 plate).

2 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the general  
3 scholarship fund of the university whose name will be borne on the  
4 plate).

5 (u) Independent Colleges:

6 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the Association of  
7 Independent Kentucky Colleges and Universities for distribution to the  
8 general scholarship funds of the Association's members).

9 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the Association of  
10 Independent Kentucky Colleges and Universities for distribution to the  
11 general scholarship funds of the Association's members).

12 (v) Child Victims:

13 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the child victims'  
14 trust fund established under KRS 41.400).

15 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the child victims'  
16 trust fund established under KRS 41.400).

17 (w) Kentucky Horse Council:

18 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the Kentucky  
19 Horse Council).

20 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the Kentucky  
21 Horse Council).

22 (x) Ducks Unlimited:

23 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to Kentucky Ducks  
24 Unlimited).

25 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to Kentucky Ducks  
26 Unlimited).

27 (y) Spay neuter:

- 1           1.    Initial Fee:       \$28       (\$12 SF/\$6 CF/\$10 EF to the animal control  
2                    and care fund established under KRS 258.119).
- 3           2.    Renewal Fee:     \$23       (\$12 SF/\$6 CF/\$5 EF to the animal control  
4                    and care fund established under KRS 258.119).
- 5           (z)   Gold Star Mothers, Gold Star Fathers, or Gold Star Spouses:
- 6           1.    Initial Fee:       \$0       (\$0 SF/\$0 CF/ \$0 EF).
- 7           2.    Renewal Fee:     \$0       (\$0 SF/\$0 CF/ \$0 EF).
- 8           3.    A person may receive a maximum of two (2) plates under this paragraph  
9                    free of charge and may purchase additional plates for fees as established  
10                   in subsection (2)(d) of this section.
- 11          (aa) I Support Veterans:
- 12          1.    Initial Fee:       \$28       (\$12 SF/\$6 CF/\$10 EF to the Kentucky  
13                    Department of Veterans' Affairs).
- 14          2.    Renewal Fee:     \$23       (\$12 SF/\$6 CF/\$5 EF to the Kentucky  
15                    Department of Veterans' Affairs).
- 16          (ab) Gold Star Siblings, Gold Star Sons, or Gold Star Daughters:
- 17          1.    Initial Fee:       \$28       (\$12 SF/\$6 CF/\$10 EF to the veterans'  
18                    program trust fund established under KRS 40.460).
- 19          2.    Renewal Fee:     \$23       (\$12 SF/\$6 CF/\$5 EF to the veterans'  
20                    program trust fund established under KRS 40.460).
- 21          (ac) POW/MIA Awareness:
- 22          1.    Initial Fee:       \$41       (\$25 SF/\$6 CF/\$10 EF to the veterans'  
23                    program trust fund established under KRS 40.460).
- 24          2.    Renewal Fee:     \$28       (\$12 SF/\$6 CF/\$10 EF to the veterans'  
25                    program trust fund established under KRS 40.460).
- 26          (ad) Special license plates established under KRS 186.164:
- 27          1.    Initial Fee:       \$41       (\$25 SF/\$6 CF/\$10 EF).

- 1           2.   Renewal Fee:   \$41           (\$25 SF/\$6 CF/\$10 EF).
- 2   (3)   Any special license plate may be combined with a personalized license plate for a  
3       twenty-five dollar (\$25) state fee in addition to all other fees for the particular  
4       special license plate established in this section and in KRS 186.164(3). The twenty-  
5       five dollar (\$25) fee required under this subsection shall be divided between the  
6       cabinet and the county clerk of the county where the applicant is applying for the  
7       license plate with the cabinet receiving twenty dollars (\$20) and the county clerk  
8       receiving five dollars (\$5).
- 9   (4)   (a)   A sponsoring organization of any special license plate issued under this  
10       section or any special license plate established under the provisions of KRS  
11       186.164 may petition the cabinet for the production of that special license  
12       plate for motorcycles.
- 13       (b)   The cabinet shall make all of the special military license plates in this section  
14       available for motorcycles owned or leased by eligible individuals.
- 15       (c)   Owners and lessees of motorcycles registered under KRS 186.050(2) may be  
16       eligible to receive special license plates approved by the cabinet under  
17       paragraphs (a) and (b) of this subsection. Applicants for a special license plate  
18       for a motorcycle shall be required to pay the fee for a special plate as  
19       prescribed in this section or in KRS 186.164. The fee paid for the special plate  
20       for a motorcycle shall be in lieu of the registration fee required under KRS  
21       186.050(2).
- 22   **(5)   The Transportation Cabinet shall:**
- 23       **(a)   Identify the cost of issuing a child victims' trust fund special license plate**  
24       **under subsection (2)(v) of this section; and**
- 25       **(b)   Transfer any revenue received from the initial or renewal SF fee that is in**  
26       **excess of the cost identified in paragraph (a) of this subsection to the child**  
27       **victims' trust fund established under KRS 41,400.**



1        ➔ Section 31. KRS 68.200 is amended to read as follows:

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

3        (a) *"Designated city" means a city on the registry maintained by the*  
4            *Department for Local Government under subsection (9) of this section;*

5        (b) *"Gross receipts" means the total consideration received for the charges*  
6            *made to provide transportation network company services to a user,*  
7            *including any charges for time or mileage, fees for using the services, and*  
8            *any charges for any services necessary to complete the transaction made by*  
9            *a transportation network company;*

10        (c) "Gross rental charge" has the same meaning as in KRS 138.462;

11        ~~(d)(b)~~ "Motor vehicle" has the same meaning as "vehicle" as defined in KRS  
12            186.010(8)(a);

13        ~~(e)(c)~~ "Peer-to-peer car sharing" has the same meaning as in KRS 281.010;

14        ~~(f)(d)~~ "Peer-to-peer car sharing program" has the same meaning as in KRS  
15            281.010;

16        ~~(g)(e)~~ "Peer-to-peer car sharing program agreement":

17            1. Means the terms and conditions applicable to a shared vehicle owner  
18            and a shared vehicle driver that govern the use of a shared vehicle  
19            through a peer-to-peer car sharing program; and

20            2. Does not include rental or lease agreements entered into with persons  
21            operating under a U-Drive-It certificate as defined in KRS 281.010;

22        ~~(h)(f)~~ "Shared vehicle driver" has the same meaning as in KRS 281.010;

23        ~~(i)(g)~~ "Transportation network company" has the same meaning as in KRS  
24            281.010;

25        ~~(j)(h)~~ "Transportation network company service" has the same meaning as in  
26            KRS 281.010; and

27        ~~(k)(i)~~ "U-Drive-It" has the same meaning as in KRS 281.010.

- 1 (2) A county containing a designated city, consolidated local government, or urban-  
2 county government may levy a license fee on a:
- 3 (a) U-Drive-It;  
4 (b) Peer-to-peer car sharing program; and  
5 (c) Transportation network company.
- 6 (3) The license fee shall not exceed three percent (3%) of the ~~gross rental charges~~  
7 ~~from~~:
- 8 (a) **Gross rental charges from** rental agreements for periods of thirty (30) days or  
9 less by a:
- 10 1. U-Drive-It; or  
11 2. Peer-to-peer car sharing program; or
- 12 (b) **Gross receipts derived from** the provision of transportation network company  
13 services by a transportation network company.
- 14 (4) The license fee shall not apply to a U-Drive-It who receives less than seventy-five  
15 percent (75%) of its gross revenues generated in the county from gross rental  
16 charges.
- 17 (5) Any license fee levied pursuant to this subsection shall be collected by a:
- 18 (a) U-Drive-It from the renters of the motor vehicles;  
19 (b) Peer-to-peer car sharing program from the shared vehicle driver; and  
20 (c) Transportation network company from the purchaser of the transportation  
21 network company services.
- 22 (6) Revenues from rental of motor vehicles shall not be included in the gross rental  
23 charges on which the license fee is based if:
- 24 (a) The declared gross weight of the motor vehicle exceeds eleven thousand  
25 (11,000) pounds; or  
26 (b) The rental is part of the services provided by a funeral director for a funeral.
- 27 (7) A fiscal court or the legislative body of an urban-county government shall provide

1 for collection of the license fee in the ordinance by which the license fee is levied.  
 2 The revenues shall be deposited in an account to be known as the motor vehicle  
 3 license fee account. The revenues may be shared among local governments  
 4 pursuant to KRS 65.210 to 65.300.

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

- 11 (a) A riverport authority established by the county pursuant to KRS 65.520; or
- 12 (b) An industrial development authority established by the county pursuant to  
 13 KRS 154.50-316; or
- 14 (c) A nonprofit corporation as defined in KRS 273.161(4) which has been  
 15 organized for the purpose of promoting economic development.

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

18 (9) ~~[(a) As used in this section, "designated city" means a city on the registry  
 19 maintained by the Department for Local Government under this subsection.~~

20 ~~(b) On or before January 1, 2015, ]~~The Department for Local Government shall  
 21 create and maintain a registry of cities that, as of August 1, 2014, were  
 22 classified as cities of the first, second, and third class. The Department for  
 23 Local Government shall make the information included on the registry  
 24 available to the public by publishing it on its website~~[Web site]~~.

25 ➔Section 32. KRS 224.50-868 is amended to read as follows:

26 (1) As used in this section:

27 (a) "Motor vehicle" means every vehicle intended primarily for use and operation

1 on the public highways that is self-propelled, including a low-speed motor  
2 vehicle as defined in KRS 186.010;

3 (b) "Semitrailer" means any vehicle:

4 1. Designed:

5 a. As temporary living quarters for recreation, camping, or travel; or

6 b. For carrying persons or property;

7 2. Designed for being drawn by a motor vehicle; and

8 3. Constructed that:

9 a. Some part of its weight; or

10 b. Some part of its load;

11 rests upon or is carried by another vehicle; and

12 (c) "Trailer" means any vehicle:

13 1. Designed:

14 a. As temporary living quarters for recreation, camping, or travel; or

15 b. For carrying persons or property;

16 2. Designed for being drawn by a motor vehicle; and

17 3. Constructed that:

18 a. No part of its weight; and

19 b. No part of its load;

20 rests upon or is carried by another vehicle.

21 (2) (a) 1. Prior to July 1, 2018, a person purchasing a new motor vehicle tire in  
22 Kentucky shall pay to the retailer a one dollar (\$1) fee at the time of the  
23 purchase of that tire. The fee shall not be subject to the Kentucky sales  
24 tax.

25 2. Beginning July 1, 2018, but prior to July 1, 2020, a fee is hereby  
26 imposed upon a retailer at the rate of two dollars (\$2) for each new  
27 motor vehicle tire sold in Kentucky. The fee shall be subject to the

- 1 Kentucky sales tax.
- 2 3. Beginning July 1, 2020, but prior to July 1, ~~2026~~[2024], a fee is hereby  
3 imposed upon a retailer at the rate of two dollars (\$2) for each new  
4 motor vehicle, trailer, or semitrailer tire sold in Kentucky. The fee shall  
5 be subject to the Kentucky sales tax.
- 6 4. A retailer may pass the fee imposed by this paragraph on to the  
7 purchaser of the new tire.
- 8 (b) 1. A new tire is a tire that has never been placed on a motor vehicle, trailer,  
9 or semitrailer wheel rim.
- 10 2. A new tire is not a tire placed on a motor vehicle, trailer, or semitrailer  
11 prior to its original retail sale or a recapped tire.
- 12 (3) When a retailer sells a new motor vehicle tire in Kentucky to replace another tire,  
13 the tire that is replaced becomes a waste tire subject to the waste tire program. The  
14 retailer shall encourage the purchaser of the new tire to leave the waste tire with the  
15 retailer or meet the following requirements:
- 16 (a) Dispose of the waste tire in accordance with KRS 224.50-856(1);  
17 (b) Deliver the waste tire to a person registered in accordance with the waste tire  
18 program; or  
19 (c) Reuse the waste tire for its original intended purpose or an agricultural  
20 purpose.
- 21 (4) (a) A retailer shall report to the Department of Revenue on or before the  
22 twentieth day of each month the number of new motor vehicle tires sold  
23 during the preceding month and the number of waste tires received from  
24 customers that month.
- 25 (b) The report shall be filed on forms and contain information as the Department  
26 of Revenue may require.
- 27 (c) The retailer shall be allowed to retain an amount equal to five percent (5%) of

1 the fees due, provided the amount due is not delinquent at the time of  
2 payment.

3 (5) A retailer shall:

4 (a) Accept from the purchaser of a new tire, if offered, for each new motor  
5 vehicle tire sold, a waste tire of similar size and type; and

6 (b) Post notice at the place where retail sales are made that state law requires:

7 1. The retailer to accept, if offered, a waste tire for each new motor vehicle  
8 tire sold and that a person purchasing a new motor vehicle tire to replace  
9 another tire shall comply with subsection (3) of this section; and

10 2. The two dollar (\$2) new tire fee is used by the state to oversee the  
11 management of waste tires, including cleaning up abandoned waste tire  
12 piles and preventing illegal dumping of waste tires.

13 (6) A retailer shall comply with the requirements of the recordkeeping system for waste  
14 tires established by KRS 224.50-874.

15 (7) A retailer shall transfer waste tires only to a person who presents a letter from the  
16 cabinet approving the registration issued under KRS 224.50-858 or a copy of a solid  
17 waste disposal facility permit issued by the cabinet, unless the retailer is delivering  
18 the waste tires to a destination outside Kentucky and the waste tires will remain in  
19 the retailer's possession until they reach that destination.

20 (8) The cabinet shall, in conjunction with the Waste Tire Working Group, develop the  
21 informational fact sheet to be made publicly available on the cabinet's ~~website~~<sup>web</sup>  
22 ~~site~~ and available in print upon request. The fact sheet shall identify ways to  
23 properly dispose of the waste tire and present information on the problems caused  
24 by improper waste tire disposal.

25 ➔Section 33. KRS 139.480 (Effective until January 1, 2025) is amended to read  
26 as follows:

27 Any other provision of this chapter to the contrary notwithstanding, the terms "sale at

1 retail," "retail sale," "use," "storage," and "consumption," as used in this chapter, shall not  
2 include the sale, use, storage, or other consumption of:

3 (1) Locomotives or rolling stock, including materials for the construction, repair, or  
4 modification thereof, or fuel or supplies for the direct operation of locomotives and  
5 trains, used or to be used in interstate commerce;

6 (2) Coal for the manufacture of electricity;

7 (3) (a) All energy or energy-producing fuels used in the course of manufacturing,  
8 processing, mining, or refining and any related distribution, transmission, and  
9 transportation services for this energy that are billed to the user, to the extent  
10 that the cost of the energy or energy-producing fuels used, and related  
11 distribution, transmission, and transportation services for this energy that are  
12 billed to the user exceed three percent (3%) of the cost of production.

13 (b) Cost of production shall be computed on the basis of a plant facility, which  
14 shall include all operations within the continuous, unbroken, integrated  
15 manufacturing or industrial processing process that ends with a product  
16 packaged and ready for sale.

17 (c) A person who performs a manufacturing or industrial processing activity for a  
18 fee and does not take ownership of the tangible personal property that is  
19 incorporated into, or becomes the product of, the manufacturing or industrial  
20 processing activity is a toller. For periods on or after July 1, 2018, the costs of  
21 the tangible personal property shall be excluded from the toller's cost of  
22 production at a plant facility with tolling operations in place as of July 1,  
23 2018.

24 (d) For plant facilities that begin tolling operations after July 1, 2018, the costs of  
25 tangible personal property shall be excluded from the toller's cost of  
26 production if the toller:

27 1. Maintains a binding contract for periods after July 1, 2018, that governs

- 1 the terms, conditions, and responsibilities with a separate legal entity,  
2 which holds title to the tangible personal property that is incorporated  
3 into, or becomes the product of, the manufacturing or industrial  
4 processing activity;
- 5 2. Maintains accounting records that show the expenses it incurs to fulfill  
6 the binding contract that include but are not limited to energy or energy-  
7 producing fuels, materials, labor, procurement, depreciation,  
8 maintenance, taxes, administration, and office expenses;
- 9 3. Maintains separate payroll, bank accounts, tax returns, and other records  
10 that demonstrate its independent operations in the performance of its  
11 tolling responsibilities;
- 12 4. Demonstrates one (1) or more substantial business purposes for the  
13 tolling operations germane to the overall manufacturing, industrial  
14 processing activities, or corporate structure at the plant facility. A  
15 business purpose is a purpose other than the reduction of sales tax  
16 liability for the purchases of energy and energy-producing fuels; and
- 17 5. Provides information to the department upon request that documents  
18 fulfillment of the requirements in subparagraphs 1. to 4. of this  
19 paragraph and gives an overview of its tolling operations with an  
20 explanation of how the tolling operations relate and connect with all  
21 other manufacturing or industrial processing activities occurring at the  
22 plant facility;
- 23 (4) Livestock of a kind the products of which ordinarily constitute food for human  
24 consumption, provided the sales are made for breeding or dairy purposes and by or  
25 to a person regularly engaged in the business of farming;
- 26 (5) Poultry for use in breeding or egg production;
- 27 (6) Farm work stock for use in farming operations;



- 1 (7) Seeds, the products of which ordinarily constitute food for human consumption or  
2 are to be sold in the regular course of business, and commercial fertilizer to be  
3 applied on land, the products from which are to be used for food for human  
4 consumption or are to be sold in the regular course of business; provided ~~the~~<sup>[such]</sup>  
5 sales are made to farmers who are regularly engaged in the occupation of tilling and  
6 cultivating the soil for the production of crops as a business, or who are regularly  
7 engaged in the occupation of raising and feeding livestock or poultry or producing  
8 milk for sale; and provided further that tangible personal property so sold is to be  
9 used only by those persons designated above who are so purchasing;
- 10 (8) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals to be  
11 used in the production of crops as a business, or in the raising and feeding of  
12 livestock or poultry, the products of which ordinarily constitute food for human  
13 consumption;
- 14 (9) Feed, including pre-mixes and feed additives, for livestock or poultry of a kind the  
15 products of which ordinarily constitute food for human consumption;
- 16 (10) Machinery for new and expanded industry;
- 17 (11) Farm machinery. As used in this section, the term "farm machinery":
- 18 (a) Means machinery used exclusively and directly in the occupation of:
- 19 1. Tilling the soil for the production of crops as a business;
- 20 2. Raising and feeding livestock or poultry for sale; or
- 21 3. Producing milk for sale;
- 22 (b) Includes machinery, attachments, and replacements therefor, repair parts, and  
23 replacement parts which are used or manufactured for use on, or in the  
24 operation of farm machinery and which are necessary to the operation of the  
25 machinery, and are customarily so used, including but not limited to combine  
26 header wagons, combine header trailers, or any other implements specifically  
27 designed and used to move or transport a combine head; and

- 1 (c) Does not include:
- 2 1. Automobiles;
- 3 2. Trucks;
- 4 3. Trailers, except combine header trailers; or
- 5 4. Truck-trailer combinations;
- 6 (12) Tombstones and other memorial grave markers;
- 7 (13) On-farm facilities used exclusively for grain or soybean storing, drying, processing,
- 8 or handling. The exemption applies to the equipment, machinery, attachments,
- 9 repair and replacement parts, and any materials incorporated into the construction,
- 10 renovation, or repair of the facilities;
- 11 (14) On-farm facilities used exclusively for raising poultry or livestock. The exemption
- 12 shall apply to the equipment, machinery, attachments, repair and replacement parts,
- 13 and any materials incorporated into the construction, renovation, or repair of the
- 14 facilities. The exemption shall apply but not be limited to vent board equipment,
- 15 waterer and feeding systems, brooding systems, ventilation systems, alarm systems,
- 16 and curtain systems. In addition, the exemption shall apply whether or not the seller
- 17 is under contract to deliver, assemble, and incorporate into real estate the
- 18 equipment, machinery, attachments, repair and replacement parts, and any materials
- 19 incorporated into the construction, renovation, or repair of the facilities;
- 20 (15) Gasoline, special fuels, liquefied petroleum gas, and natural gas used exclusively
- 21 and directly to:
- 22 (a) Operate farm machinery as defined in subsection (11) of this section;
- 23 (b) Operate on-farm grain or soybean drying facilities as defined in subsection
- 24 (13) of this section;
- 25 (c) Operate on-farm poultry or livestock facilities defined in subsection (14) of
- 26 this section;
- 27 (d) Operate on-farm ratite facilities defined in subsection (23) of this section;

- 1 (e) Operate on-farm llama or alpaca facilities as defined in subsection (25) of this  
2 section; or
- 3 (f) Operate on-farm dairy facilities;
- 4 (16) Textbooks, including related workbooks and other course materials, purchased for  
5 use in a course of study conducted by an institution which qualifies as a nonprofit  
6 educational institution under KRS 139.495. The term "course materials" means only  
7 those items specifically required of all students for a particular course but shall not  
8 include notebooks, paper, pencils, calculators, tape recorders, or similar student  
9 aids;
- 10 (17) Any property which has been certified as an alcohol production facility as defined  
11 in KRS 247.910;
- 12 (18) Aircraft, repair and replacement parts therefor, and supplies, except fuel, for the  
13 direct operation of aircraft in interstate commerce and used exclusively for the  
14 conveyance of property or passengers for hire. Nominal intrastate use shall not  
15 subject the property to the taxes imposed by this chapter;
- 16 (19) Any property which has been certified as a fluidized bed energy production facility  
17 as defined in KRS 211.390;
- 18 (20) (a) 1. Any property to be incorporated into the construction, rebuilding,  
19 modification, or expansion of a blast furnace or any of its components or  
20 appurtenant equipment or structures as part of an approved supplemental  
21 project, as defined by KRS 154.26-010; and
- 22 2. Materials, supplies, and repair or replacement parts purchased for use in  
23 the operation and maintenance of a blast furnace and related carbon  
24 steel-making operations as part of an approved supplemental project, as  
25 defined by KRS 154.26-010.
- 26 (b) The exemptions provided in this subsection shall be effective for sales made:  
27 1. On and after July 1, 2018; and

- 1           2. During the term of a supplemental project agreement entered into  
2           pursuant to KRS 154.26-090;
- 3 (21) Beginning on October 1, 1986, food or food products purchased for human  
4 consumption with food coupons issued by the United States Department of  
5 Agriculture pursuant to the Food Stamp Act of 1977, as amended, and required to  
6 be exempted by the Food Security Act of 1985 in order for the Commonwealth to  
7 continue participation in the federal food stamp program;
- 8 (22) Machinery or equipment purchased or leased by a business, industry, or  
9 organization in order to collect, source separate, compress, bale, shred, or otherwise  
10 handle waste materials if the machinery or equipment is primarily used for  
11 recycling purposes;
- 12 (23) Ratite birds and eggs to be used in an agricultural pursuit for the breeding and  
13 production of ratite birds, feathers, hides, breeding stock, eggs, meat, and ratite by-  
14 products, and the following items used in this agricultural pursuit:
- 15 (a) Feed and feed additives;
- 16 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;  
17 and
- 18 (c) On-farm facilities, including equipment, machinery, attachments, repair and  
19 replacement parts, and any materials incorporated into the construction,  
20 renovation, or repair of the facilities. The exemption shall apply to incubation  
21 systems, egg processing equipment, waterer and feeding systems, brooding  
22 systems, ventilation systems, alarm systems, and curtain systems. In addition,  
23 the exemption shall apply whether or not the seller is under contract to  
24 deliver, assemble, and incorporate into real estate the equipment, machinery,  
25 attachments, repair and replacement parts, and any materials incorporated into  
26 the construction, renovation, or repair of the facilities;
- 27 (24) Embryos and semen that are used in the reproduction of livestock, if the products of

1           these embryos and semen ordinarily constitute food for human consumption, and if  
2           the sale is made to a person engaged in the business of farming;

3   (25) Llamas and alpacas to be used as beasts of burden or in an agricultural pursuit for  
4           the breeding and production of hides, breeding stock, fiber and wool products,  
5           meat, and llama and alpaca by-products, and the following items used in this  
6           pursuit:

7           (a) Feed and feed additives;

8           (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;  
9           and

10          (c) On-farm facilities, including equipment, machinery, attachments, repair and  
11           replacement parts, and any materials incorporated into the construction,  
12           renovation, or repair of the facilities. The exemption shall apply to waterer  
13           and feeding systems, ventilation systems, and alarm systems. In addition, the  
14           exemption shall apply whether or not the seller is under contract to deliver,  
15           assemble, and incorporate into real estate the equipment, machinery,  
16           attachments, repair and replacement parts, and any materials incorporated into  
17           the construction, renovation, or repair of the facilities;

18   (26) Baling twine and baling wire for the baling of hay and straw;

19   (27) Water sold to a person regularly engaged in the business of farming and used in the:

20          (a) Production of crops;

21          (b) Production of milk for sale; or

22          (c) Raising and feeding of:

23           1. Livestock or poultry, the products of which ordinarily constitute food  
24           for human consumption; or

25           2. Ratites, llamas, alpacas, buffalo, cervids or aquatic organisms;

26   (28) Buffalos to be used as beasts of burden or in an agricultural pursuit for the  
27           production of hides, breeding stock, meat, and buffalo by-products, and the

1 following items used in this pursuit:

2 (a) Feed and feed additives;

3 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;  
4 and

5 (c) On-farm facilities, including equipment, machinery, attachments, repair and  
6 replacement parts, and any materials incorporated into the construction,  
7 renovation, or repair of the facilities. The exemption shall apply to waterer  
8 and feeding systems, ventilation systems, and alarm systems. In addition, the  
9 exemption shall apply whether or not the seller is under contract to deliver,  
10 assemble, and incorporate into real estate the equipment, machinery,  
11 attachments, repair and replacement parts, and any materials incorporated into  
12 the construction, renovation, or repair of the facilities;

13 (29) Aquatic organisms sold directly to or raised by a person regularly engaged in the  
14 business of producing products of aquaculture, as defined in KRS 260.960, for sale,  
15 and the following items used in this pursuit:

16 (a) Feed and feed additives;

17 (b) Water;

18 (c) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;  
19 and

20 (d) On-farm facilities, including equipment, machinery, attachments, repair and  
21 replacement parts, and any materials incorporated into the construction,  
22 renovation, or repair of the facilities and, any gasoline, special fuels, liquefied  
23 petroleum gas, or natural gas used to operate the facilities. The exemption  
24 shall apply, but not be limited to: waterer and feeding systems; ventilation,  
25 aeration, and heating systems; processing and storage systems; production  
26 systems such as ponds, tanks, and raceways; harvest and transport equipment  
27 and systems; and alarm systems. In addition, the exemption shall apply

1           whether or not the seller is under contract to deliver, assemble, and  
2           incorporate into real estate the equipment, machinery, attachments, repair and  
3           replacement parts, and any materials incorporated into the construction,  
4           renovation, or repair of the facilities;

5   (30) Members of the genus cervidae permitted by KRS Chapter 150 that are used for the  
6       production of hides, breeding stock, meat, and cervid by-products, and the  
7       following items used in this pursuit:

- 8       (a) Feed and feed additives;
- 9       (b) Insecticides, fungicides, herbicides, rodenticides, and other chemicals; and
- 10      (c) On-site facilities, including equipment, machinery, attachments, repair and  
11       replacement parts, and any materials incorporated into the construction,  
12       renovation, or repair of the facilities. In addition, the exemption shall apply  
13       whether or not the seller is under contract to deliver, assemble, and  
14       incorporate into real estate the equipment, machinery, attachments, repair and  
15       replacement parts, and any materials incorporated into the construction,  
16       renovation, or repair of the facilities;

17   (31) (a) Repair or replacement parts for the direct operation or maintenance of a motor  
18       vehicle, including any towed unit, used exclusively in interstate commerce for  
19       the conveyance of property or passengers for hire, provided the motor vehicle  
20       is licensed for use on the highway and its declared gross vehicle weight with  
21       any towed unit is forty-four thousand and one (44,001) pounds or greater.  
22       Nominal intrastate use shall not subject the property to the taxes imposed by  
23       this chapter; and

24       (b) Repair or replacement parts for the direct operation and maintenance of a  
25       motor vehicle operating under a charter bus certificate issued by the  
26       Transportation Cabinet under KRS Chapter 281, or under similar authority  
27       granted by the United States Department of Transportation.

- 1 (c) For the purposes of this subsection, "repair or replacement parts" means tires,  
2 brakes, engines, transmissions, drive trains, chassis, body parts, and their  
3 components. "Repair or replacement parts" shall not include fuel, machine  
4 oils, hydraulic fluid, brake fluid, grease, supplies, or accessories not essential  
5 to the operation of the motor vehicle itself, except when sold as part of the  
6 assembled unit, such as cigarette lighters, radios, lighting fixtures not  
7 otherwise required by the manufacturer for operation of the vehicle, or tool or  
8 utility boxes;
- 9 (32) Food donated by a retail food establishment or any other entity regulated under  
10 KRS 217.127 to a nonprofit organization for distribution to the needy;
- 11 (33) Drugs and over-the counter drugs, as defined in KRS 139.472, that are purchased  
12 by a person regularly engaged in the business of farming and used in the treatment  
13 of cattle, sheep, goats, swine, poultry, ratite birds, llamas, alpacas, buffalo, aquatic  
14 organisms, or cervids;
- 15 (34) (a) Building materials, fixtures, or supplies purchased by a construction  
16 contractor if:
- 17 1. Fulfilled by a construction contract for a sewer or water project with:
- 18 a. A municipally owned water utility organized under KRS Chapter  
19 96;
- 20 b. A water district or water commission formed or organized under  
21 KRS Chapter 74;
- 22 c. A sanitation district established under KRS Chapter 220 or formed  
23 pursuant to KRS Chapter 65;
- 24 d. A nonprofit corporation created under KRS 58.180 to act on behalf  
25 of a governmental agency in the acquisition and financing of  
26 public projects;
- 27 e. Regional wastewater commissions formed under KRS Chapter



1 278;

2 f. A municipally owned joint sewer agency formed under KRS  
3 Chapter 76; or

4 g. Any other governmental agency; and

5 2. The building materials, fixtures, or supplies:

6 a. Will be permanently incorporated into a structure or improvement  
7 to real property, or will be completely consumed, in fulfilling a  
8 construction contract for the purpose of furnishing water or sewer  
9 services to the general public; and

10 b. Would be exempt if purchased directly by the entities listed in  
11 subparagraph 1. of this paragraph.

12 (b) As used in this subsection, "construction contract" means a:

13 1. Lump sum contract;

14 2. Cost plus contract;

15 3. Materials only contract;

16 4. Labor and materials contract; or

17 5. Any other type of contract.

18 (c) The exemption provided in this subsection shall apply without regard to the  
19 payment arrangement between the construction contractor, the retailer, and  
20 the entities listed in paragraph (a)1. of this subsection or to the place of  
21 delivery for the building materials, fixtures, or supplies;

22 (35) (a) On or after February 25, 2022, the rental of space for meetings, conventions,  
23 short-term business uses, entertainment events, weddings, banquets, parties,  
24 and other short-term social events, as referenced in KRS 139.200, if the tax  
25 established in KRS 139.200 is paid by the primary lessee to the lessor.

26 (b) For the purpose of this subsection, "primary lessee" means the person who  
27 leases the space and who has a contract with the lessor of the space only if:

- 1           1.    The contract between the lessor and the lessee specifies that the lessee  
2                    may sublease, subrent, or otherwise sell the space; and
- 3           2.    The space is then sublet, subrented, or otherwise sold to exhibitors,  
4                    vendors, sponsors, or other entities and persons who will use the space  
5                    associated with the event to be conducted under the primary lease; ~~and~~
- 6 (36) Prewritten computer software access services sold to or purchased by a retailer that  
7            develops prewritten computer software for print technology and uses and sells  
8            prewritten computer software access services for print technology; **and**

9 **(37) (a) Currency or bullion.**

10 **(b) As used in this subsection:**

11 **1. "Bullion":**

12 **a. Means bars, ingots, or coins, which are:**

13 **i. Made of gold, silver, platinum, palladium, or a**  
14 **combination of these metals;**

15 **ii. Valued based on the content of the metal and not its form;**  
16 **and**

17 **iii. Used, or have been used, as a medium of exchange,**  
18 **security, or commodity by any state, the United States**  
19 **government, or a foreign nation; and**

20 **b. Does not include medallions or coins that are incorporated into a**  
21 **pendant or other jewelry; and**

22 **2. "Currency":**

23 **a. Means a coin or currency made of gold, silver, platinum,**  
24 **palladium, or other metal or paper money that is or has been**  
25 **used as legal tender and is sold based on its value as a collectible**  
26 **item rather than the value as a medium of exchange; and**

27 **b. Does not include a coin or currency that has been incorporated**

1                                    *into jewelry.*

2            ➔Section 34. KRS 139.480 (Effective January 1, 2025) is amended to read as  
3 follows:

4 Any other provision of this chapter to the contrary notwithstanding, the terms "sale at  
5 retail," "retail sale," "use," "storage," and "consumption," as used in this chapter, shall not  
6 include the sale, use, storage, or other consumption of:

- 7 (1) Locomotives or rolling stock, including materials for the construction, repair, or  
8 modification thereof, or fuel or supplies for the direct operation of locomotives and  
9 trains, used or to be used in interstate commerce;
- 10 (2) Coal for the manufacture of electricity;
- 11 (3) (a) All energy or energy-producing fuels used in the course of manufacturing,  
12 processing, mining, or refining and any related distribution, transmission, and  
13 transportation services for this energy that are billed to the user, to the extent  
14 that the cost of the energy or energy-producing fuels used, and related  
15 distribution, transmission, and transportation services for this energy that are  
16 billed to the user exceed three percent (3%) of the cost of production.  
17 (b) Cost of production shall be computed on the basis of a plant facility, which  
18 shall include all operations within the continuous, unbroken, integrated  
19 manufacturing or industrial processing process that ends with a product  
20 packaged and ready for sale.  
21 (c) A person who performs a manufacturing or industrial processing activity for a  
22 fee and does not take ownership of the tangible personal property that is  
23 incorporated into, or becomes the product of, the manufacturing or industrial  
24 processing activity is a toller. For periods on or after July 1, 2018, the costs of  
25 the tangible personal property shall be excluded from the toller's cost of  
26 production at a plant facility with tolling operations in place as of July 1,  
27 2018.

- 1           (d) For plant facilities that begin tolling operations after July 1, 2018, the costs of  
2           tangible personal property shall be excluded from the toller's cost of  
3           production if the toller:
- 4           1. Maintains a binding contract for periods after July 1, 2018, that governs  
5           the terms, conditions, and responsibilities with a separate legal entity,  
6           which holds title to the tangible personal property that is incorporated  
7           into, or becomes the product of, the manufacturing or industrial  
8           processing activity;
  - 9           2. Maintains accounting records that show the expenses it incurs to fulfill  
10          the binding contract that include but are not limited to energy or energy-  
11          producing fuels, materials, labor, procurement, depreciation,  
12          maintenance, taxes, administration, and office expenses;
  - 13          3. Maintains separate payroll, bank accounts, tax returns, and other records  
14          that demonstrate its independent operations in the performance of its  
15          tolling responsibilities;
  - 16          4. Demonstrates one (1) or more substantial business purposes for the  
17          tolling operations germane to the overall manufacturing, industrial  
18          processing activities, or corporate structure at the plant facility. A  
19          business purpose is a purpose other than the reduction of sales tax  
20          liability for the purchases of energy and energy-producing fuels; and
  - 21          5. Provides information to the department upon request that documents  
22          fulfillment of the requirements in subparagraphs 1. to 4. of this  
23          paragraph and gives an overview of its tolling operations with an  
24          explanation of how the tolling operations relate and connect with all  
25          other manufacturing or industrial processing activities occurring at the  
26          plant facility;
- 27       (4) Livestock of a kind the products of which ordinarily constitute food for human

- 1 consumption, provided the sales are made for breeding or dairy purposes and by or  
2 to a person regularly engaged in the business of farming;
- 3 (5) Poultry for use in breeding or egg production;
- 4 (6) Farm work stock for use in farming operations;
- 5 (7) Seeds, the products of which ordinarily constitute food for human consumption or  
6 are to be sold in the regular course of business, and commercial fertilizer to be  
7 applied on land, the products from which are to be used for food for human  
8 consumption or are to be sold in the regular course of business; provided ~~the~~<sup>[such]</sup>  
9 sales are made to farmers who are regularly engaged in the occupation of tilling and  
10 cultivating the soil for the production of crops as a business, or who are regularly  
11 engaged in the occupation of raising and feeding livestock or poultry or producing  
12 milk for sale; and provided further that tangible personal property so sold is to be  
13 used only by those persons designated above who are so purchasing;
- 14 (8) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals to be  
15 used in the production of crops as a business, or in the raising and feeding of  
16 livestock or poultry, the products of which ordinarily constitute food for human  
17 consumption;
- 18 (9) Feed, including pre-mixes and feed additives, for livestock or poultry of a kind the  
19 products of which ordinarily constitute food for human consumption;
- 20 (10) Machinery for new and expanded industry;
- 21 (11) Farm machinery. As used in this section, the term "farm machinery":
- 22 (a) Means machinery used exclusively and directly in the occupation of:
- 23 1. Tilling the soil for the production of crops as a business;
- 24 2. Raising and feeding livestock or poultry for sale; or
- 25 3. Producing milk for sale;
- 26 (b) Includes machinery, attachments, and replacements therefor, repair parts, and  
27 replacement parts which are used or manufactured for use on, or in the

1 operation of farm machinery and which are necessary to the operation of the  
2 machinery, and are customarily so used, including but not limited to combine  
3 header wagons, combine header trailers, or any other implements specifically  
4 designed and used to move or transport a combine head; and

5 (c) Does not include:

- 6 1. Automobiles;
- 7 2. Trucks;
- 8 3. Trailers, except combine header trailers; or
- 9 4. Truck-trailer combinations;

10 (12) Tombstones and other memorial grave markers;

11 (13) On-farm facilities used exclusively for grain or soybean storing, drying, processing,  
12 or handling. The exemption applies to the equipment, machinery, attachments,  
13 repair and replacement parts, and any materials incorporated into the construction,  
14 renovation, or repair of the facilities;

15 (14) On-farm facilities used exclusively for raising poultry or livestock. The exemption  
16 shall apply to the equipment, machinery, attachments, repair and replacement parts,  
17 and any materials incorporated into the construction, renovation, or repair of the  
18 facilities. The exemption shall apply but not be limited to vent board equipment,  
19 waterer and feeding systems, brooding systems, ventilation systems, alarm systems,  
20 and curtain systems. In addition, the exemption shall apply whether or not the seller  
21 is under contract to deliver, assemble, and incorporate into real estate the  
22 equipment, machinery, attachments, repair and replacement parts, and any materials  
23 incorporated into the construction, renovation, or repair of the facilities;

24 (15) Gasoline, special fuels, liquefied petroleum gas, and natural gas used exclusively  
25 and directly to:

- 26 (a) Operate farm machinery as defined in subsection (11) of this section;
- 27 (b) Operate on-farm grain or soybean drying facilities as defined in subsection

- 1 (13) of this section;
- 2 (c) Operate on-farm poultry or livestock facilities defined in subsection (14) of  
3 this section;
- 4 (d) Operate on-farm ratite facilities defined in subsection (23) of this section;
- 5 (e) Operate on-farm llama or alpaca facilities as defined in subsection (25) of this  
6 section; or
- 7 (f) Operate on-farm dairy facilities;
- 8 (16) Textbooks, including related workbooks and other course materials, purchased for  
9 use in a course of study conducted by an institution which qualifies as a nonprofit  
10 educational institution under KRS 139.495. The term "course materials" means only  
11 those items specifically required of all students for a particular course but shall not  
12 include notebooks, paper, pencils, calculators, tape recorders, or similar student  
13 aids;
- 14 (17) Any property which has been certified as an alcohol production facility as defined  
15 in KRS 247.910;
- 16 (18) Aircraft, repair and replacement parts therefor, and supplies, except fuel, for the  
17 direct operation of aircraft in interstate commerce and used exclusively for the  
18 conveyance of property or passengers for hire. Nominal intrastate use shall not  
19 subject the property to the taxes imposed by this chapter;
- 20 (19) Any property which has been certified as a fluidized bed energy production facility  
21 as defined in KRS 211.390;
- 22 (20) (a) 1. Any property to be incorporated into the construction, rebuilding,  
23 modification, or expansion of a blast furnace or any of its components or  
24 appurtenant equipment or structures as part of an approved supplemental  
25 project, as defined by KRS 154.26-010; and
- 26 2. Materials, supplies, and repair or replacement parts purchased for use in  
27 the operation and maintenance of a blast furnace and related carbon

1 steel-making operations as part of an approved supplemental project, as  
2 defined by KRS 154.26-010.

3 (b) The exemptions provided in this subsection shall be effective for sales made:

4 1. On and after July 1, 2018; and

5 2. During the term of a supplemental project agreement entered into  
6 pursuant to KRS 154.26-090;

7 (21) Beginning on October 1, 1986, food or food products purchased for human  
8 consumption with food coupons issued by the United States Department of  
9 Agriculture pursuant to the Food Stamp Act of 1977, as amended, and required to  
10 be exempted by the Food Security Act of 1985 in order for the Commonwealth to  
11 continue participation in the federal food stamp program;

12 (22) Machinery or equipment purchased or leased by a business, industry, or  
13 organization in order to collect, source separate, compress, bale, shred, or otherwise  
14 handle waste materials if the machinery or equipment is primarily used for  
15 recycling purposes;

16 (23) Ratite birds and eggs to be used in an agricultural pursuit for the breeding and  
17 production of ratite birds, feathers, hides, breeding stock, eggs, meat, and ratite by-  
18 products, and the following items used in this agricultural pursuit:

19 (a) Feed and feed additives;

20 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;  
21 and

22 (c) On-farm facilities, including equipment, machinery, attachments, repair and  
23 replacement parts, and any materials incorporated into the construction,  
24 renovation, or repair of the facilities. The exemption shall apply to incubation  
25 systems, egg processing equipment, waterer and feeding systems, brooding  
26 systems, ventilation systems, alarm systems, and curtain systems. In addition,  
27 the exemption shall apply whether or not the seller is under contract to



1 deliver, assemble, and incorporate into real estate the equipment, machinery,  
2 attachments, repair and replacement parts, and any materials incorporated into  
3 the construction, renovation, or repair of the facilities;

4 (24) Embryos and semen that are used in the reproduction of livestock, if the products of  
5 these embryos and semen ordinarily constitute food for human consumption, and if  
6 the sale is made to a person engaged in the business of farming;

7 (25) Llamas and alpacas to be used as beasts of burden or in an agricultural pursuit for  
8 the breeding and production of hides, breeding stock, fiber and wool products,  
9 meat, and llama and alpaca by-products, and the following items used in this  
10 pursuit:

11 (a) Feed and feed additives;

12 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;  
13 and

14 (c) On-farm facilities, including equipment, machinery, attachments, repair and  
15 replacement parts, and any materials incorporated into the construction,  
16 renovation, or repair of the facilities. The exemption shall apply to waterer  
17 and feeding systems, ventilation systems, and alarm systems. In addition, the  
18 exemption shall apply whether or not the seller is under contract to deliver,  
19 assemble, and incorporate into real estate the equipment, machinery,  
20 attachments, repair and replacement parts, and any materials incorporated into  
21 the construction, renovation, or repair of the facilities;

22 (26) Baling twine and baling wire for the baling of hay and straw;

23 (27) Water sold to a person regularly engaged in the business of farming and used in the:

24 (a) Production of crops;

25 (b) Production of milk for sale; or

26 (c) Raising and feeding of:

27 1. Livestock or poultry, the products of which ordinarily constitute food

1                   for human consumption; or

2                   2.   Ratites, llamas, alpacas, buffalo, cervids or aquatic organisms;

3 (28) Buffalos to be used as beasts of burden or in an agricultural pursuit for the  
4       production of hides, breeding stock, meat, and buffalo by-products, and the  
5       following items used in this pursuit:

6       (a)   Feed and feed additives;

7       (b)   Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;  
8       and

9       (c)   On-farm facilities, including equipment, machinery, attachments, repair and  
10       replacement parts, and any materials incorporated into the construction,  
11       renovation, or repair of the facilities. The exemption shall apply to waterer  
12       and feeding systems, ventilation systems, and alarm systems. In addition, the  
13       exemption shall apply whether or not the seller is under contract to deliver,  
14       assemble, and incorporate into real estate the equipment, machinery,  
15       attachments, repair and replacement parts, and any materials incorporated into  
16       the construction, renovation, or repair of the facilities;

17 (29) Aquatic organisms sold directly to or raised by a person regularly engaged in the  
18       business of producing products of aquaculture, as defined in KRS 260.960, for sale,  
19       and the following items used in this pursuit:

20       (a)   Feed and feed additives;

21       (b)   Water;

22       (c)   Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;  
23       and

24       (d)   On-farm facilities, including equipment, machinery, attachments, repair and  
25       replacement parts, and any materials incorporated into the construction,  
26       renovation, or repair of the facilities and, any gasoline, special fuels, liquefied  
27       petroleum gas, or natural gas used to operate the facilities. The exemption

1 shall apply, but not be limited to: waterer and feeding systems; ventilation,  
2 aeration, and heating systems; processing and storage systems; production  
3 systems such as ponds, tanks, and raceways; harvest and transport equipment  
4 and systems; and alarm systems. In addition, the exemption shall apply  
5 whether or not the seller is under contract to deliver, assemble, and  
6 incorporate into real estate the equipment, machinery, attachments, repair and  
7 replacement parts, and any materials incorporated into the construction,  
8 renovation, or repair of the facilities;

9 (30) Members of the genus cervidae permitted by KRS Chapter 150 that are used for the  
10 production of hides, breeding stock, meat, and cervid by-products, and the  
11 following items used in this pursuit:

12 (a) Feed and feed additives;

13 (b) Insecticides, fungicides, herbicides, rodenticides, and other chemicals; and

14 (c) On-site facilities, including equipment, machinery, attachments, repair and  
15 replacement parts, and any materials incorporated into the construction,  
16 renovation, or repair of the facilities. In addition, the exemption shall apply  
17 whether or not the seller is under contract to deliver, assemble, and  
18 incorporate into real estate the equipment, machinery, attachments, repair and  
19 replacement parts, and any materials incorporated into the construction,  
20 renovation, or repair of the facilities;

21 (31) (a) Repair or replacement parts for the direct operation or maintenance of a motor  
22 vehicle, including any towed unit, used exclusively in interstate commerce for  
23 the conveyance of property or passengers for hire, provided the motor vehicle  
24 is licensed for use on the highway and its declared gross vehicle weight with  
25 any towed unit is forty-four thousand and one (44,001) pounds or greater.  
26 Nominal intrastate use shall not subject the property to the taxes imposed by  
27 this chapter; and

- 1 (b) Repair or replacement parts for the direct operation and maintenance of a  
2 motor vehicle operating under a charter bus certificate issued by the  
3 Transportation Cabinet under KRS Chapter 281, or under similar authority  
4 granted by the United States Department of Transportation.
- 5 (c) For the purposes of this subsection, "repair or replacement parts" means tires,  
6 brakes, engines, transmissions, drive trains, chassis, body parts, and their  
7 components. "Repair or replacement parts" shall not include fuel, machine  
8 oils, hydraulic fluid, brake fluid, grease, supplies, or accessories not essential  
9 to the operation of the motor vehicle itself, except when sold as part of the  
10 assembled unit, such as cigarette lighters, radios, lighting fixtures not  
11 otherwise required by the manufacturer for operation of the vehicle, or tool or  
12 utility boxes;
- 13 (32) Food donated by a retail food establishment or any other entity regulated under  
14 KRS 217.127 to a nonprofit organization for distribution to the needy;
- 15 (33) Drugs and over-the counter drugs, as defined in KRS 139.472, that are purchased  
16 by a person regularly engaged in the business of farming and used in the treatment  
17 of cattle, sheep, goats, swine, poultry, ratite birds, llamas, alpacas, buffalo, aquatic  
18 organisms, or cervids;
- 19 (34) (a) Building materials, fixtures, or supplies purchased by a construction  
20 contractor if:
- 21 1. Fulfilled by a construction contract for a sewer or water project with:
- 22 a. A municipally owned water utility organized under KRS Chapter  
23 96;
- 24 b. A water district or water commission formed or organized under  
25 KRS Chapter 74;
- 26 c. A sanitation district established under KRS Chapter 220 or formed  
27 pursuant to KRS Chapter 65;

- 1                   d. A nonprofit corporation created under KRS 58.180 to act on behalf  
2                   of a governmental agency in the acquisition and financing of  
3                   public projects;
- 4                   e. Regional wastewater commissions formed under KRS Chapter  
5                   278;
- 6                   f. A municipally owned joint sewer agency formed under KRS  
7                   Chapter 76; or
- 8                   g. Any other governmental agency; and
- 9                   2. The building materials, fixtures, or supplies:
- 10                  a. Will be permanently incorporated into a structure or improvement  
11                  to real property, or will be completely consumed, in fulfilling a  
12                  construction contract for the purpose of furnishing water or sewer  
13                  services to the general public; and
- 14                  b. Would be exempt if purchased directly by the entities listed in  
15                  subparagraph 1. of this paragraph.
- 16                  (b) As used in this subsection, "construction contract" means a:
- 17                        1. Lump sum contract;
- 18                        2. Cost plus contract;
- 19                        3. Materials only contract;
- 20                        4. Labor and materials contract; or
- 21                        5. Any other type of contract.
- 22                  (c) The exemption provided in this subsection shall apply without regard to the  
23                  payment arrangement between the construction contractor, the retailer, and  
24                  the entities listed in paragraph (a)1. of this subsection or to the place of  
25                  delivery for the building materials, fixtures, or supplies;
- 26                  (35) (a) On or after February 25, 2022, the rental of space for meetings, conventions,  
27                  short-term business uses, entertainment events, weddings, banquets, parties,

1 and other short-term social events, as referenced in KRS 139.200, if the tax  
2 established in KRS 139.200 is paid by the primary lessee to the lessor.

3 (b) For the purpose of this subsection, "primary lessee" means the person who  
4 leases the space and who has a contract with the lessor of the space only if:

5 1. The contract between the lessor and the lessee specifies that the lessee  
6 may sublease, subrent, or otherwise sell the space; and

7 2. The space is then sublet, subrented, or otherwise sold to exhibitors,  
8 vendors, sponsors, or other entities and persons who will use the space  
9 associated with the event to be conducted under the primary lease;

10 (36) Prewritten computer software access services sold to or purchased by a retailer that  
11 develops prewritten computer software for print technology and uses and sells  
12 prewritten computer software access services for print technology;~~and~~

13 **(37) (a) Currency or bullion.**

14 **(b) As used in this subsection:**

15 **1. "Bullion":**

16 **a. Means bars, ingots, or coins, which are:**

17 **i. Made of gold, silver, platinum, palladium, or a**  
18 **combination of these metals;**

19 **ii. Valued based on the content of the metal and not its form;**  
20 **and**

21 **iii. Used, or have been used, as a medium of exchange,**  
22 **security, or commodity by any state, the United States**  
23 **government, or a foreign nation; and**

24 **b. Does not include medallions or coins that are incorporated into a**  
25 **pendant or other jewelry; and**

26 **2. "Currency":**

27 **a. Means a coin or currency made of gold, silver, platinum,**

1 palladium, or other metal or paper money that is or has been  
 2 used as legal tender and is sold based on its value as a collectible  
 3 item rather than the value as a medium of exchange; and

4 b. Does not include a coin or currency that has been incorporated  
 5 into jewelry; and

6 ~~(38)~~~~(37)~~ Medicinal cannabis as defined in KRS 218B.010 when sold, used, stored, or  
 7 consumed in accordance with KRS Chapter 218B.

8 ➔Section 35. KRS 140.040 is amended to read as follows:

9 (1) As used in this section, "power of appointment":

10 (a) Means only a general power of appointment that may be exercised in favor  
 11 of:

12 1. The individual holding the power of appointment;

13 2. That individual's estate;

14 3. That individual's creditors; or

15 4. The creditors of that individual's estate;

16 (b) Does not include a power that is:

17 1. Limited by an ascertainable standard relating to the health, education,  
 18 maintenance, and support of the individual holding the power of  
 19 appointment; or

20 2. Exercisable only by the individual holding the power of appointment  
 21 in conjunction with another person having a substantial interest in the  
 22 property subject to the power of appointment which is adverse to the  
 23 exercise in favor of:

24 a. The individual holding the power of appointment;

25 b. That individual's estate;

26 c. That individual's creditors; or

27 d. The creditors of that individual's estate; and

1 (c) Shall be administered by the Department of Revenue as nearly as  
 2 practicable identical to a general power of appointment as defined in 26  
 3 U.S.C. sec. 2041(b).

4 (2) (a) Whenever any person exercises~~[shall exercise]~~ a power of appointment  
 5 derived from any disposition of property:

6 1. ~~[Whether by will, deed, trust agreement, contract, insurance policy or~~  
 7 ~~other instrument; and]~~

8 2. Regardless of when the person exercises the power of  
 9 appointment~~;~~~~[made,]~~

10 the power of~~[such]~~ appointment shall be deemed a transfer taxable under the  
 11 provisions of this chapter in the same manner as though the property to which  
 12 the~~[such]~~ appointment relates belonged absolutely to the donee of the~~[such]~~  
 13 power and had been bequeathed or devised by the~~[such]~~ donee by will.~~;~~~~and]~~

14 (b) Whenever any person possessing~~[such]~~ a power of appointment omits or  
 15 fails~~[so derived shall omit or fail]~~ to exercise the power of  
 16 appointment~~;~~~~[same]~~ in whole or in part, within the time provided therefor, a  
 17 transfer taxable under the provisions of this chapter shall be deemed to take  
 18 place to the person~~[or persons]~~ receiving the~~[such]~~ property as a result of  
 19 the~~[such]~~ omission or failure to the same extent that the~~[such]~~ property would  
 20 have been subject to taxation if it had passed under the will of the donee~~[of~~  
 21 ~~such power]~~.

22 (c) The time at which a~~[such]~~ transfer shall be deemed to take place, for the  
 23 purpose of taxation, shall be governed by the provisions of subsections (3) to  
 24 (5)~~[(2) to (4)]~~ of this section.

25 (3)~~[(2)]~~ (a) In the case of a power of appointment which passes to the donee~~[~~  
 26 ~~thereof]~~ at the death of the donor, under any instrument~~;~~~~and if the donor~~  
 27 ~~dies on or after April 24, 1936,]~~



- 1            1. The transfer shall be deemed to take place, for the purpose of taxation,  
 2            at the time of the death of the donor; ~~and~~
- 3            2. The assessment shall be made at that time against the life interest of the  
 4            donee and the remainder against the corpus; ~~and~~
- 5            3. The value of the property ~~to which the power of appointment relates~~  
 6            shall be determined as of the date of the death of the donor; ~~and~~
- 7            4. *The donee of the property* shall be taxed at the rates and be subject to  
 8            the exemptions in effect at the death of the donor; and ~~and~~
- 9            5. The determination of the applicable rates and exemptions, ~~in effect at~~  
 10           the death of the donor, ~~shall~~ shall be governed by the relationship of the  
 11           beneficiary to the donee of the power of appointment.
- 12           (b) In the event the payment of the tax at the death of the donor should operate to  
 13           provide an exemption for any beneficiary of a donee not authorized by KRS  
 14           140.080, then the~~such~~ exemption shall be retrospectively disallowed at the  
 15           time of the death of the donee. ~~It is further provided that~~
- 16           (c) The remainder interest passing under the donee's power of appointment,  
 17           whether exercised or not, shall be added to and made a part of the  
 18           distributable share of the donee's estate for the purpose of determining the  
 19           applicable exemption and rates ~~applicable thereto~~.
- 20           ~~(4)(3)~~ In all cases other than that described in subsection (3) of this section:~~(2)~~
- 21           (a) The transfer shall be deemed to take place, for the purpose of taxation, at the  
 22           time of the death of the donee; ~~In such cases,~~
- 23           (b) The value of the property to which the power of appointment relates shall be  
 24           determined as of the date of the death of the donee and shall be taxed at the  
 25           rates and be subject to the exemptions in effect at the death of the donee;  
 26           and ~~and~~
- 27           (c) The determination of the applicable rates and exemptions, ~~in effect at the~~

1 death of the donee, ~~it~~ shall be governed by the relationship of the beneficiary  
2 to the donee of the power of appointment.

3 ~~(5)~~<sup>(4)</sup> **(a)** The provisions of subsection **(3) of this section**~~(2)~~ shall not preclude  
4 the taxation, at the death of the donee, of any transfer made by means of a  
5 power of appointment if **the**~~such~~ transfer was not in fact reported to or a tax  
6 assessed~~thereon~~ by the Department of Revenue within the period of  
7 limitation prescribed by KRS 140.160.

8 **(b)** If the transfer by the power of appointment is not~~so~~ reported or a tax **is not**  
9 assessed~~thereon~~, the period of limitation prescribed in KRS 140.160 shall  
10 not begin to run until the death of the donee of **the**~~such~~ power **of**  
11 **appointment.**

12 ~~(5) The amendments to this section, adopted by the 1948 General Assembly, shall~~  
13 ~~apply to all powers of appointment whether created before or after the effective date~~  
14 ~~of said amendments. It is the declared intention of the General Assembly to impose~~  
15 ~~a tax upon every transfer of property by means of a power of appointment,~~  
16 ~~regardless of when or how created, and it is the declared intention of the General~~  
17 ~~Assembly that the use of the power of appointment device shall not permit the~~  
18 ~~transfer of property, to which such a power relates, to escape thereby the payment~~  
19 ~~of state inheritance taxes.]~~

20 ➔Section 36. KRS 141.040 is amended to read as follows:

21 (1) Every corporation doing business in this state, except those corporations listed in  
22 paragraphs (a) and (b) of this subsection, shall pay for each taxable year a tax to be  
23 computed by the taxpayer on taxable net income at the rates specified in this  
24 section:

25 (a) For taxable years beginning prior to January 1, 2021:

26 1. Financial institutions, as defined in KRS 136.500, except bankers banks  
27 organized under KRS 286.3-135;

- 1           2.   Savings and loan associations organized under the laws of this state and
- 2                   under the laws of the United States and making loans to members only;
- 3           3.   Banks for cooperatives;
- 4           4.   Production credit associations;
- 5           5.   Insurance companies, including farmers' or other mutual hail, cyclone,
- 6                   windstorm, or fire insurance companies, insurers, and reciprocal
- 7                   underwriters;
- 8           6.   Corporations or other entities exempt under Section 501 of the Internal
- 9                   Revenue Code;
- 10          7.   Religious, educational, charitable, or like corporations not organized or
- 11                   conducted for pecuniary profit; and
- 12          8.   Corporations whose only owned or leased property located in this state
- 13                   is located at the premises of a printer with which it has contracted for
- 14                   printing, provided that:
  - 15                  a.   The property consists of the final printed product, or copy from
  - 16                          which the printed product is produced; and
  - 17                  b.   The corporation has no individuals receiving compensation in this
  - 18                          state as provided in KRS 141.120(8)(b); and
- 19          (b) For taxable years beginning on or after January 1, 2021:
  - 20                  1.   Insurance companies, including farmers' or other mutual hail, cyclone,
  - 21                          windstorm, or fire insurance companies, insurers, and reciprocal
  - 22                          underwriters;
  - 23                  2.   Corporations or other entities exempt under Section 501 of the Internal
  - 24                          Revenue Code;
  - 25                  3.   Religious, educational, charitable, or like corporations not organized or
  - 26                          conducted for pecuniary profit;
  - 27                  4.   Corporations whose only owned or leased property located in this state

1 is located at the premises of a printer with which it has contracted for  
2 printing, provided that:

3 a. The property consists of the final printed product, or copy from  
4 which the printed product is produced; and

5 b. The corporation has no individuals receiving compensation in this  
6 state as provided in KRS 141.120(8)(b); and

7 5. For taxable years beginning before January 1, ~~2027~~[2025], a disaster  
8 response business.

9 (2) For taxable years beginning on or after January 1, 2018, the rate of five percent  
10 (5%) of taxable net income shall apply.

11 (3) For taxable years beginning on or after January 1, 2007, and before January 1,  
12 2018, the following rates shall apply:

13 (a) Four percent (4%) of the first fifty thousand dollars (\$50,000) of taxable net  
14 income;

15 (b) Five percent (5%) of taxable net income over fifty thousand dollars (\$50,000)  
16 up to one hundred thousand dollars (\$100,000); and

17 (c) Six percent (6%) of taxable net income over one hundred thousand dollars  
18 (\$100,000).

19 (4) (a) An S corporation shall pay income tax on the same items of income and in the  
20 same manner as required for federal purposes, except to the extent required by  
21 differences between this chapter and the federal income tax law and  
22 regulations.

23 (b) 1. If the S corporation is required under Section 1363(d) of the Internal  
24 Revenue Code to submit installments of tax on the recapture of LIFO  
25 benefits, installments to pay the Kentucky tax due shall be paid on or  
26 before the due date of the S corporation's return, as extended, if  
27 applicable.

1           2. Notwithstanding KRS 141.170(3), no interest shall be assessed on the  
2           installment payment for the period of extension.

3           (c) If the S corporation is required under Section 1374 or 1375 of the Internal  
4           Revenue Code to pay tax on built-in gains or on passive investment income,  
5           the amount of tax imposed by this subsection shall be computed by applying  
6           the highest rate of tax for the taxable year.

7           ➔SECTION 37. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER  
8           154 IS CREATED TO READ AS FOLLOWS:

9           *As used in Sections 37 to 41 of this Act:*

10          *(1) "Affiliate" means the following:*

11           *(a) Members of a family, including only brothers and sisters of the whole or*  
12           *half blood, spouse, ancestors, and lineal descendants of an individual;*

13           *(b) An individual, and a corporation more than fifty percent (50%) in value of*  
14           *the outstanding stock of which is owned, directly or indirectly, by or for that*  
15           *individual;*

16           *(c) An individual, and a limited liability company of which more than fifty*  
17           *percent (50%) of the capital interest or profits are owned or controlled,*  
18           *directly or indirectly, by or for that individual;*

19           *(d) Two (2) corporations which are members of the same controlled group,*  
20           *which includes and is limited to:*

21           *1. One (1) or more chains of corporations connected through stock*  
22           *ownership with a common parent corporation if:*

23           *a. Stock possessing more than fifty percent (50%) of the total*  
24           *combined voting power of all classes of stock entitled to vote or*  
25           *more than fifty percent (50%) of the total value of shares of all*  
26           *classes of stock of each of the corporations, except the common*  
27           *parent corporation, is owned by one (1) or more of the other*

1                   corporations; and

2                   b. The common parent corporation owns stock possessing more  
3                   than fifty percent (50%) of the total combined voting power of all  
4                   classes of stock entitled to vote or more than fifty percent (50%)  
5                   of the total value of shares of all classes of stock of at least one  
6                   (1) of the other corporations, excluding, in computing the voting  
7                   power or value, stock owned directly by the other corporations;  
8                   or

9                   2. Two (2) or more corporations if five (5) or fewer persons who are  
10                   individuals, estates, or trusts own stock possessing more than fifty  
11                   percent (50%) of the total combined voting power of all classes of  
12                   stock entitled to vote or more than fifty percent (50%) of the total value  
13                   of shares of all classes of stock of each corporation, taking into  
14                   account the stock ownership of each person only to the extent the  
15                   stock ownership is identical with respect to each corporation;

16                   (e) A grantor and a fiduciary of any trust;

17                   (f) A fiduciary of a trust and a fiduciary of another trust, if the same person is  
18                   a grantor of both trusts;

19                   (g) A fiduciary of a trust and a beneficiary of that trust;

20                   (h) A fiduciary of a trust and a beneficiary of another trust, if the same person  
21                   is a grantor of both trusts;

22                   (i) A fiduciary of a trust and a corporation more than fifty percent (50%) in  
23                   value of the outstanding stock of which is owned, directly or indirectly, by or  
24                   for the trust or by or for a person who is a grantor of the trust;

25                   (j) A fiduciary of a trust and a limited liability company more than fifty percent  
26                   (50%) of the capital interest, or the interest in profits, of which is owned  
27                   directly or indirectly, by or for the trust or by or for a person who is a

1 grantor of the trust;

2 (k) A corporation, a partnership, or a limited partnership if the same persons  
3 own:

4 1. More than fifty percent (50%) in value of the outstanding stock of the  
5 corporation; and

6 2. More than fifty percent (50%) of the capital interest, or the profits  
7 interest, in the partnership or limited partnership;

8 (l) A corporation and a limited liability company if the same persons own:

9 1. More than fifty percent (50%) in value of the outstanding stock of the  
10 corporation; and

11 2. More than fifty percent (50%) of the capital interest or the profits in  
12 the limited liability company;

13 (m) A partnership or limited partnership and a limited liability company if the  
14 same persons own:

15 1. More than fifty percent (50%) of the capital interest or profits in the  
16 partnership or limited partnership; and

17 2. More than fifty percent (50%) of the capital interest or the profits in  
18 the limited liability company; and

19 (n) Two (2) or more limited liability companies, if the same persons own more  
20 than fifty percent (50%) of the capital interest or are entitled to more than  
21 fifty percent (50%) of the capital profits in the limited liability companies;

22 (2) "Approved company" means an eligible company that has received final approval  
23 from the authority;

24 (3) "Authority" means the Kentucky Economic Development Finance Authority  
25 established by KRS 154.20-010;

26 (4) "Colocation tenant" means an entity that contracts with the owner or operator  
27 for space within a qualified data center project;

1 (5) "Commonwealth" means the Commonwealth of Kentucky;

2 (6) "Data center equipment":

3 (a) Means computer equipment and software for the processing, storage,  
4 retrieval, or communication of data, used directly and exclusively in a  
5 qualified data center project, including but not limited to:

6 1. a. Servers;

7 b. Routers;

8 c. Connections;

9 d. Monitoring and security systems for the data center equipment;

10 e. Fiber optic cabling and network equipment leading to and from  
11 the data center project; and

12 f. Other enabling machinery, equipment, and hardware;

13 regardless of whether the property is affixed to or incorporated into  
14 real property;

15 2. Equipment used in the operation of computer equipment or software  
16 or for the benefit of the data center project, including component  
17 parts, installations, refreshments, replacements, and upgrades,  
18 regardless of whether the property is affixed to or incorporated into  
19 real property;

20 3. All equipment necessary for the transformation, generation,  
21 distribution, or management of electricity that is required to operate  
22 computer server equipment, including substations, generators,  
23 uninterruptible energy equipment, supplies, conduit, fuel piping and  
24 storage, cabling, duct banks, switches, switchboards, batteries, testing  
25 equipment, and backup generators;

26 4. All equipment necessary to cool and maintain a controlled  
27 environment for the operation of the computer servers and other



- 1                   components of the data center project, including chillers, mechanical  
2                   equipment, refrigerant piping, fuel piping and storage, adiabatic and  
3                   free cooling systems, cooling towers, water softeners, air handling  
4                   units, indoor direct exchange units, fans, ducting, and filters;
- 5                   5. All water conservation systems for the equipment, including facilities  
6                   or mechanisms that are designed to collect, conserve, and reuse water;
- 7                   6. All computer server equipment, chassis, networking equipment,  
8                   switches, racks, fiber optic and copper cabling, trays, and conduit;
- 9                   7. All monitoring equipment and security systems for the data center  
10                   project, including security system monitoring services;
- 11                   8. All software and prewritten computer software access services;
- 12                   9. Extended warranty services with respect to data center equipment; and
- 13                   10. Any other tangible personal property that is essential to the operations  
14                   of the qualified data center project, excluding:
- 15                   a. Electricity used by a qualified data center project; and
- 16                   b. Property used for administrative purposes at the data center  
17                   project, including office equipment; and
- 18                   (b) Does not include:
- 19                   1. Construction equipment; or
- 20                   2. Building and construction materials permanently incorporated as an  
21                   improvement to real property;
- 22                   (7) "Department" means the Department of Revenue;
- 23                   (8) "Eligible company":
- 24                   (a) Means any corporation, limited liability company, partnership, limited  
25                   partnership, sole proprietorship, business trust, or any other entity with a  
26                   qualified data center project; and
- 27                   (b) Includes an operator, an owner, a project organizer, and a colocation

1 tenant;

2 (9) "Eligible costs" means expenditures made by the preliminarily approved  
3 company or approved company after preliminary approval for the purchase,  
4 installation, repair, and replacement of data center equipment for the qualified  
5 data center project;

6 (10) "Final approval" means the action taken by the authority to verify that, on or  
7 before the fifth anniversary of the preliminary approval, the minimum capital  
8 investment has been made, with respect to the data center project;

9 (11) "Memorandum of agreement" means the agreement between the eligible  
10 company and the authority executed under Section 41 of this Act;

11 (12) "Operator":

12 (a) Means any entity, other than an owner, a project organizer, or a colocation  
13 tenant:

14 1. Operating a qualified data center project pursuant to a lease or other  
15 contract with the owner; and

16 2. Is responsible for the control, oversight, or maintenance of a data  
17 center project; and

18 (b) Includes:

19 1. An affiliate of an operator;

20 2. A licensed property management company;

21 3. A property lessor; or

22 4. Any other individual or entity responsible for the control, oversight, or  
23 maintenance of a data center project;

24 (13) "Owner" means an entity, other than a project organizer, holding fee title to a  
25 data center project and includes an affiliate of an owner;

26 (14) "Preliminary approval" means the action taken by the authority to enter into a  
27 memorandum of agreement with an eligible company;

1 (15) "Project organizer" means an entity that:

2 (a) Solely provides qualified data center infrastructure for a qualified data  
3 center project; and

4 (b) Will enter into or has entered into a separate agreement with another entity  
5 for the purchase, use, or operation of the qualified data center  
6 infrastructure;

7 (16) "Qualified data center infrastructure" means providing site development and  
8 organization for a qualified data center project, including but not limited to:

9 (a) An uninterruptible power supply, including electrical substations and back-  
10 up generators for safety against power disruptions;

11 (b) Availability of water and natural gas service, including any necessary  
12 infrastructure; and

13 (c) Multiple layers of security, including:

14 1. Physical security at the data center project, including fencing, entry  
15 control and monitoring, or security guards;

16 2. Infrastructure monitoring, including monitoring for water, power,  
17 telecommunications, and internet connectivity; and

18 3. Environmental control measures, including sensors or responsive  
19 equipment for detecting fire, flood, or other natural disasters;

20 (17) "Qualified data center project":

21 (a) Means:

22 1. Providing qualified data center infrastructure;

23 2. Acquiring, leasing, rehabilitating, expanding, or constructing one (1)  
24 or more buildings that:

25 a. House a group of networked server computers in order to  
26 centralize the storage, management, and dissemination of data  
27 and information for a single project; and

- 1                   **b. Contain:**
- 2                   **i. Dedicated cooling equipment for the computing machines**
- 3                   **and related infrastructure;**
- 4                   **ii. Extra capacity for data redundancy, including the ability to**
- 5                   **maintain or replace equipment without a system shutdown;**
- 6                   **and**
- 7                   **iii. Physically isolated systems to avoid disruption from both**
- 8                   **planned and unplanned events; or**
- 9                   **3. Any combination of the activities described in subparagraphs 1.**
- 10                   **and 2. of this paragraph;**
- 11                   **(b) Has the following minimum capital investment on or before the fifth**
- 12                   **anniversary of the preliminary approval:**
- 13                   **1. For an owner, operator, or colocation tenant, at least four hundred**
- 14                   **fifty million dollars (\$450,000,000); or**
- 15                   **2. For a project organizer, at least one hundred fifty million dollars**
- 16                   **(\$150,000,000);**
- 17                   **(c) Is located within a consolidated local government having a population**
- 18                   **equal to or greater than five hundred thousand (500,000), determined using**
- 19                   **the county's population estimate from the most recently available five (5)**
- 20                   **year American Community Survey as published by the United States Census**
- 21                   **Bureau at the time of application by the eligible company;**
- 22                   **(d) Does not include any data center project that:**
- 23                   **1. Will result in the replacement of data centers existing in the**
- 24                   **Commonwealth;**
- 25                   **2. Applies for or accepts any other economic development incentives**
- 26                   **under KRS Chapter 154; or**
- 27                   **3. Benefits from the sales and use tax exemption for the sale or purchase**

- 1 of electricity used in commercial mining of cryptocurrency; and  
2 (18) "Term" means the period of time for which a memorandum of agreement may be  
3 in effect, which shall not exceed:  
4 (a) Fifteen (15) years for a qualified data center project of a project organizer;  
5 and  
6 (b) For any other qualified data center project:  
7 1. Fifty (50) years for a data center project having a capital investment  
8 equal to or greater than four hundred fifty million dollars  
9 (\$450,000,000); or  
10 2. Twenty-five (25) years for a data center project having a capital  
11 investment less than four hundred fifty million dollars (\$450,000,000).

12 ➔SECTION 38. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER  
13 154 IS CREATED TO READ AS FOLLOWS:

- 14 (1) The purposes of Sections 37 to 41 are to:  
15 (a) Provide incentives for an approved company with a qualified data center  
16 project;  
17 (b) Encourage the location of data centers within the Commonwealth; and  
18 (c) Advance the public purposes of the:  
19 1. Creation of new jobs that would not exist within the Commonwealth;  
20 2. Creation of new sources of tax revenues for the support of public  
21 services provided by the Commonwealth;  
22 3. Improvement in the quality of life for Kentucky citizens through the  
23 creation of sustainable jobs with higher salaries; and  
24 4. Provision of an economic stimulus to the Commonwealth.  
25 (2) To qualify for the sales and use tax exemption provided in Section 42 of this Act,  
26 an eligible company shall enter into a memorandum of agreement with the  
27 authority and incur eligible costs for a qualified data center project.

1 (3) The General Assembly finds and declares that the authority granted in Sections  
2 37 to 41 and the purposes accomplished are proper governmental and public  
3 purposes for which public moneys may be expended, and that the inducement of  
4 the location of data center projects within the Commonwealth is of paramount  
5 importance to the economic well-being of the Commonwealth.

6 ➔SECTION 39. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER  
7 154 IS CREATED TO READ AS FOLLOWS:

8 (1) The application, approval, and review process under Sections 37 to 41 of this Act  
9 shall be as follows.

10 (a) An eligible company with a proposed data center project may submit an  
11 application to the authority detailing the proposed data center project;

12 (b) Upon review of the application and any additional information submitted,  
13 the authority may, by resolution, give preliminary approval to an eligible  
14 company and authorize the negotiation and execution of a memorandum of  
15 agreement;

16 (c) The memorandum of agreement shall establish the estimated eligible costs  
17 for the qualified data center project;

18 (d) Upon preliminary approval:

19 1. The preliminarily approved company may:

20 a. Undertake the project in accordance with the memorandum of  
21 agreement;

22 b. Begin to make the capital investment; and

23 c. Begin to purchase or lease data center equipment exempt from  
24 sales and use tax as provided in Section 42 of this Act.

25 2. The authority shall:

26 a. Notify the department of the preliminary approval, provide the  
27 department with the information contained in the memorandum

- 1                   of agreement, and authorize the department to issue a certificate  
2                   of exemption to the preliminarily approved company under  
3                   Section 42 of this Act; and
- 4                   b. Post the preliminarily approved company's name, the location of  
5                   the qualified data center project, and the amount of investment  
6                   costs on the cabinet's website.
- 7                   3. The preliminarily approved company shall submit any documentation  
8                   required by the authority upon request of the authority;
- 9                   (e) If, on or before the fifth anniversary of the memorandum of agreement, the  
10                   preliminarily approved company fails to meet the minimum capital  
11                   investment as established in the memorandum of agreement:
- 12                   1. The authority shall notify the department;  
13                   2. The department shall revoke the certificate of exemption; and  
14                   3. The preliminarily approved company shall immediately pay the tax  
15                   that was not paid as a result of the sales tax exemption upon receipt of  
16                   the notice of assessment issued by the department under Section 42 of  
17                   this Act; and
- 18                   (f) 1. To obtain final approval, a preliminarily approved company shall  
19                   submit documentation required by the authority to confirm that the  
20                   requirements established in the memorandum of agreement have been  
21                   met.
- 22                   2. Upon review and confirmation of the documentation, the authority  
23                   may, by resolution, give final approval to the preliminarily approved  
24                   company.
- 25                   3. Upon final approval, the approved company shall be finally approved  
26                   for the exemption provided by Section 42 of this Act for the term of the  
27                   memorandum of agreement.

1 (2) (a) The authority may establish procedures and standards for the review and  
2 approval of eligible companies and their data center projects through the  
3 promulgation of administrative regulations in accordance with KRS  
4 Chapter 13A.

5 (b) Standards to be used by the authority in reviewing and approving an eligible  
6 company and its data center project shall include but not be limited to:

7 1. The creditworthiness of the eligible company;

8 2. The proposed capital investment to be made; and

9 3. The likelihood of the economic success of the proposed data center  
10 project.

11 (3) The application shall include but not be limited to:

12 (a) The name of the applicant for the proposed data center project;

13 (b) A description of the proposed data center project, including its location, the  
14 total proposed capital investment in the proposed project, and total proposed  
15 eligible costs; and

16 (c) Any other information the authority may require.

17 ➔SECTION 40. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER  
18 154 IS CREATED TO READ AS FOLLOWS:

19 (1) The authority shall not approve a proposed data center project that otherwise  
20 meets the requirements of Sections 37 to 41 of this Act if the proposed data center  
21 project will result in the replacement of facilities existing in the state, except as  
22 provided in this section.

23 (2) The authority may approve a proposed data center project that:

24 (a) Rehabilitates an existing data center used for activities of an eligible  
25 company, if:

26 1. The data center to be rehabilitated has not been in operation for a  
27 period of ninety (90) or more consecutive days;



- 1            2. a. The current occupant of the data center to be rehabilitated has  
2            advertised a notice of closure; and  
3            b. The eligible company proposing the data center project is not an  
4            affiliate of the current occupant of the data center to be  
5            rehabilitated; or  
6            3. a. The data center to be rehabilitated is sold or transferred  
7            pursuant to a foreclosure ordered by a court of competent  
8            jurisdiction or an order of a bankruptcy court of competent  
9            jurisdiction; and  
10           b. The title to the data center to be rehabilitated prior to the sale is  
11           not vested in the eligible company;  
12           (b) Replaces an existing data center of an eligible company if:  
13           1. a. Title to the data center to be replaced:  
14           i. Is held by exercise of the power of eminent domain; or  
15           ii. May be taken pursuant to a nonappealable judgment  
16           granting authority to exercise the power of eminent  
17           domain; and  
18           b. Normal operations at the data center to be replaced cannot be  
19           resumed within twelve (12) months; or  
20           2. The data center to be replaced has been damaged or destroyed by fire  
21           or other casualty to the extent that normal operations cannot be  
22           resumed at the facility within twelve (12) months; or  
23           (c) Replaces an existing data center located in the same county if the existing  
24           data center cannot be expanded due to the unavailability of real estate at or  
25           adjacent to the data center to be replaced. Any qualifying data center project  
26           satisfying the requirements of this paragraph shall be eligible for incentives  
27           under this subchapter only to the extent of the expansion. No incentives

1           shall be available for the equivalent of the facility to be replaced or  
2           rehabilitated.

3       (3) The authority shall not approve a proposed data center project under this section  
4       which results in a lease abandonment or lease termination by the eligible  
5       company without the consent of the lessor.

6       ➔SECTION 41. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER  
7       154 IS CREATED TO READ AS FOLLOWS:

8       The authority, with preliminary approval of an eligible company, may execute a  
9       memorandum of agreement with the eligible company. The terms and conditions of the  
10       memorandum of agreement shall be negotiated between the authority and the  
11       company. The terms of the memorandum of agreement shall include but not be limited  
12       to the following provisions:

13       (1) The estimated capital investment for the qualified data center project;

14       (2) That the preliminarily approved company shall provide the authority with all  
15       documentation requested in a manner acceptable to the authority and within the  
16       timeframes required by the authority related to the minimum capital investment  
17       requirement to be used in monitoring compliance of the memorandum of  
18       agreement;

19       (3) That failure of a preliminarily approved company to meet the minimum capital  
20       investment on or before the fifth anniversary of the preliminary approval shall  
21       result in cancellation of the memorandum of agreement with the preliminarily  
22       approved company;

23       (4) The term of the agreement, which shall not exceed:

24       (a) Fifteen (15) years for a qualified data center project of a project organizer;  
25       or

26       (b) 1. Fifty (50) years for a qualified data center project having a capital  
27       investment of at least four hundred fifty million dollars

- 1                    (\$450,000,000); or
- 2                    2. Twenty-five (25) years for any other qualified data center project;
- 3                    (5) A provision requiring the preliminarily approved company to notify the authority  
4                    immediately if the eligible company sells or otherwise transfers or disposes of the  
5                    land on which a qualified data center project is located;
- 6                    (6) Authorization for the department to issue a certificate of exemption to the  
7                    preliminarily approved company under Section 42 of this Act;
- 8                    (7) A provision detailing the elimination of the sales and use tax exemption and the  
9                    notice of assessment by the department provided under Section 42 of this Act that  
10                    shall occur if the preliminarily approved company fails to make the minimum  
11                    capital investment;
- 12                    (8) (a) A statement that the memorandum of agreement may remain in effect, even  
13                    if there is a future transfer, sale, or disposition, directly or indirectly, of the  
14                    qualified data center project, upon the adoption of a resolution by the  
15                    authority to that effect.
- 16                    (b) If continuation of the sales and use tax exemption is desired by the  
17                    subsequent owner:
- 18                    1. The memorandum of agreement may be assigned to that owner under  
19                    paragraph (a) of this subsection provided the subsequent owner  
20                    assumes the prior owner's obligations under that agreement; or
- 21                    2. The subsequent owner shall enter into a memorandum of agreement  
22                    with the authority for the remainder of the eligibility period.
- 23                    (c) The authority shall notify the department regarding the events that  
24                    transpire under paragraphs (a) and (b) of this subsection;
- 25                    (9) That the approved company shall make available to the authority all of its records  
26                    pertaining to the qualified data center project, including but not limited to records  
27                    relating to eligible costs and any other records pertaining to the project that the

1 authority may require;

2 (10) (a) That the authority may share information with the department; and

3 (b) That the department may share information with the authority;

4 for the purposes of monitoring and enforcing the terms of the memorandum of  
5 agreement;

6 (11) That, if the preliminarily approved company fails to comply with its obligations  
7 under the memorandum of agreement by the fifth anniversary of the preliminary  
8 approval, the authority shall:

9 (a) Suspend the memorandum of agreement;

10 (b) Terminate the incentives available to the preliminarily approved company  
11 under the memorandum of agreement;

12 (c) Notify the department of the authority's actions;

13 (d) Instruct the department to proceed with the notice of assessment; and

14 (e) Pursue any other remedy set forth in the memorandum of agreement or to  
15 which it may be entitled by law; and

16 (12) Any other provisions not inconsistent with this subchapter and determined to be  
17 necessary or appropriate by the parties to the memorandum of agreement.

18 ➔SECTION 42. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO  
19 READ AS FOLLOWS:

20 (1) As used in this section:

21 (a) 1. "Approved company";

22 2. "Authority";

23 3. "Data center equipment";

24 4. "Eligible costs";

25 5. "Memorandum of agreement";

26 6. "Preliminarily approved company";

27 7. "Qualified data center project"; and

- 1           8. "Term";  
2           have the same meaning as in Section 37 of this Act;
- 3           (b) "Certificate of exemption" means a completed form provided by the  
4           department stating at least:
- 5           1. The name, address, and federal employer identification number of the  
6           approved company or preliminarily approved company;  
7           2. That the approved company or preliminarily approved company is  
8           exempt from sales and use tax on data center equipment purchased for  
9           use in a qualified data center project in the Commonwealth; and  
10          3. The date of expiration based on the term of the memorandum of  
11          agreement; and
- 12          (c) "Fiscal year" means a period beginning on July 1 and continuing until the  
13          following June 30.
- 14          (2) The taxes imposed by this chapter shall not apply to the sale, purchase, use,  
15          storage, consumption, installation, repair, and replacement of data center  
16          equipment to or by a preliminarily approved company or an approved company in  
17          accordance with the memorandum of agreement with the preliminarily approved  
18          company or the approved company as provided in subsection (4) of this section.
- 19          (3) (a) The exemption provided in subsection (2) of this section shall apply whether  
20          or not the seller is under contract to deliver, assemble, and incorporate the  
21          data center equipment into real estate for the qualified data center project.
- 22          (b) An approved company or preliminarily approved company may provide the  
23          seller the certificate of exemption issued by the department to claim the  
24          exemption. The certificate may be executed by either:
- 25          1. An approved company or preliminarily approved company; or  
26          2. Jointly by a contractor and an approved company or preliminarily  
27          approved company in any case in which a contractor under contract

1 with the approved company or preliminarily approved company  
2 purchases the data center equipment.

3 (4) Upon notification that the authority has executed a memorandum of agreement  
4 with a preliminarily approved company, the department shall issue a certificate of  
5 exemption to the preliminarily approved company or the approved company.

6 (5) (a) Upon notification that the authority has terminated the sales and use tax  
7 exemptions available to the preliminarily approved company or the  
8 approved company as provided in Section 41 of this Act, the department  
9 shall issue a notice of assessment to the approved company or preliminarily  
10 approved company.

11 (b) The aggregate amount of sales and use tax recovered shall not exceed the  
12 sum of the aggregate value of tax not paid as a result of the tax exemption  
13 under this section together with interest required under KRS Chapter 131.

14 (c) If the notice of assessment is issued to:

15 1. A preliminarily approved company, notwithstanding KRS 139.620, the  
16 notice of assessment under paragraph (b) of this subsection shall be  
17 considered timely if the department issues the notice of assessment the  
18 later of:

19 a. One hundred eighty (180) days from the date the department is  
20 notified by the authority related to termination of the  
21 memorandum of agreement; or

22 b. The date on which a notice of assessment could otherwise be  
23 issued in a timely manner under KRS 139.620;

24 2. An approved company, the notice of assessment shall be assessed on  
25 the open periods and subject to KRS 139.620; and

26 3. A subsequent owner under subsection (8)(b)1. of Section 41 of this  
27 Act, the notice of assessment shall include the tax assumed by the

1                   subsequent owner and the open periods for assessment shall be  
2                   determined under subparagraphs 1. and 2. of this paragraph and  
3                   depend solely on whether the subsequent owner is a preliminarily  
4                   approved company or an approved company.

5   (6) Beginning September 1, 2025, and on or before September 1 for each year  
6   thereafter, a preliminarily approved company shall report to the department  
7   annually:

8           (a) The name, address, and any other identifying information the department  
9           may require for the qualified data center project;

10          (b) The county in which the qualified data center project is located; and

11          (c) An itemized schedule of qualified data center equipment purchased during  
12          the fiscal year and the applicable sales and use tax that was not paid as a  
13          result of the sales and use tax exemption, including verification and  
14          certification by an independent third party unrelated to the preliminarily  
15          approved company.

16   (7) Beginning November 1, 2025, and on or before November 1 of each year  
17   thereafter, the department shall report to the authority and the Interim Joint  
18   Committee on Appropriations and Revenue the data reported for data center  
19   project under subsection (6) of this section.

20   (8) All information required to be reported under this section shall not be considered  
21   confidential taxpayer information and shall not be subject to KRS Chapter 131 or  
22   any other provisions of the Kentucky Revised Statutes prohibiting disclosure or  
23   reporting of information.

24   ➔Section 43. KRS 131.400 is amended to read as follows:

25   (1) KRS 131.410 to 131.445 shall be known as and may be cited as the "Kentucky Tax  
26   Amnesty Act."

27   (2) As used in KRS 131.410 to 131.445:

- 1 (a) "Account receivable" means an amount of state or federal tax, penalty, fee, or  
2 interest which has been recorded as due and entered in the account records of  
3 the department, or which the taxpayer should reasonably expect to become  
4 due as a direct or indirect result of any pending or completed audit or  
5 investigation which the taxpayer knows is being conducted by any federal or  
6 state government taxing authority;
- 7 (b) "Amnesty period" means the period of time established pursuant to subsection  
8 (3) of this section during which a taxpayer may apply for tax amnesty;
- 9 (c) "Due and owing" means an assessment which has become final and is owed to  
10 the Commonwealth due to either the expiration of the taxpayer's appeal rights  
11 pursuant to KRS 131.110 or, if an assessment has been appealed, the issuance  
12 of a final order by the board or by any court of this Commonwealth. For the  
13 purposes of KRS 131.410 to 131.445, assessments that have been appealed  
14 shall be final, due and owing fifteen (15) days after the last unappealed or  
15 unappealable order sustaining the assessment or any part thereof has become  
16 final;
- 17 (d) "Federal government" means either the United States Department of the  
18 Treasury or the Internal Revenue Service; and
- 19 (e) "Taxpayer" means any individual, partnership, joint venture, association,  
20 corporation, receiver, trustee, guardian, executor, administrator, fiduciary,  
21 limited liability company, limited liability partnership, or any other entity of  
22 any kind subject to any tax set forth in subsection (3) of this section or any  
23 person required to collect any such tax under subsection (3) of this section.
- 24 (3) Notwithstanding the provisions of any other law to the contrary, a tax amnesty  
25 program shall be conducted for a period of sixty (60) days, beginning on October 1,  
26 2024~~[2022]~~, and ending on November 29, 2024~~[2022]~~. The program shall be  
27 available to all taxpayers owing:



- 1 (a) Taxes, penalties, fees, or interest subject to the administrative jurisdiction of  
2 the department, with the exception of:
- 3 1. Ad valorem taxes levied on real property pursuant to KRS Chapter 132;
  - 4 2. Ad valorem taxes on motor vehicles and motorboats collected by the  
5 county clerks;
  - 6 3. Ad valorem taxes on personal property levied pursuant to KRS Chapter  
7 132 that are payable to local officials; and
  - 8 4. Any penalties imposed under KRS 131.630 or 138.205; and
- 9 (b) Federal taxes, penalties, fees, or interest referred to the department from the  
10 federal government for collection purposes.
- 11 (4) If the department is unable to secure a successful bid for the procurement of  
12 services under KRS 131.435, the department shall implement a tax amnesty  
13 program during a sixty (60) day period similar to the period established in  
14 subsection (3) of this section, except that the sixty (60) day period shall be held  
15 during the calendar year 2025~~[2023]~~.
- 16 (5) The program shall apply to tax liabilities for taxable periods ending or transactions  
17 occurring on or after October 1, 2011, but prior to December 1, 2023~~[2021]~~, and  
18 any federal tax liability referred to the department.
- 19 ➔Section 44. KRS 131.420 is amended to read as follows:
- 20 (1) The provisions of KRS 131.400 to 131.445 shall apply to any eligible taxpayer who  
21 files an application for amnesty within the time prescribed under KRS 131.400(3)  
22 and does the following:
- 23 (a) Files completed tax returns for all years or tax reporting periods as stated on  
24 the application for which returns have not previously been filed and files  
25 completed amended tax returns for all years or tax reporting periods as stated  
26 on the application for which the tax liability was underreported, except in  
27 cases in which the tax liability has been established through audit;

- 1 (b) Pays in full the taxes due for the periods and taxes applied for at the time the  
2 application or amnesty tax returns are filed within the amnesty period and  
3 pays the amount of any additional tax owed within thirty (30) days of  
4 notification by the department;
- 5 (c) Pays in full within the amnesty period all taxes previously assessed by the  
6 department that are due and owing at the time the application or amnesty tax  
7 returns are filed;
- 8 (d) Pays in full within the amnesty period all taxes, penalties, fees, and interest  
9 assessed by the federal government and referred to the department for  
10 collection purposes; and
- 11 (e) With regard to the program described in KRS 131.400(3), agrees to file all tax  
12 returns when due and make all tax payments when due for three (3) years  
13 following the date amnesty is granted to the taxpayer.
- 14 (2) An eligible taxpayer may participate in the amnesty program whether or not the  
15 taxpayer is under audit, notwithstanding the fact that the amount due is included in  
16 a proposed assessment or an assessment, bill, notice, or demand for payment issued  
17 by the department, and without regard to whether the amount due is subject to a  
18 pending administrative or judicial proceeding. An eligible taxpayer may participate  
19 in the amnesty program to the extent of the uncontested portion of any assessed  
20 liability. However, participation in the program shall be conditioned upon the  
21 taxpayer's agreement that the right to protest or initiate an administrative or judicial  
22 proceeding or to claim any refund of moneys paid under the program is barred with  
23 respect to the amounts paid under the amnesty programs.
- 24 (3) (a) The department may enter into an installment payment agreement as provided  
25 in KRS 131.081(9) in cases of severe hardship in lieu of the complete  
26 payment required under subsection (1) of this section.
- 27 (b) Failure of the taxpayer to make timely payments shall void the amnesty

1 granted the taxpayer.

2 (c) All agreements and payments under the program described in KRS  
3 131.400(3) shall include interest as provided under KRS 131.425(3).

4 (d) All required payments under an installment payment agreement under the  
5 program described in KRS 131.400(3) shall be made on or before May 31,  
6 2025~~[2023]~~.

7 (e) 1. If a taxpayer fails to make all required payments under paragraph (d) of  
8 this subsection by May 31, 2025~~[2023]~~, the amnesty received by the  
9 taxpayer shall be invalidated, and all civil penalties, fees, and interest  
10 waived under the amnesty agreement shall:

11 a. Be reinstated;

12 b. Be subject to immediate collection by the department; and

13 c. Not be subject to protest under KRS 131.110.

14 2. The department may utilize any remedy allowed by law to recover the  
15 amounts reinstated, and no statute of limitations shall apply.

16 (4) If, following the termination of the tax amnesty period, the department issues a  
17 deficiency assessment based upon information independent of that shown on a  
18 return filed pursuant to subsection (1) of this section, the department shall have the  
19 authority to impose penalties and criminal action may be brought where authorized  
20 by law only with respect to the difference between the amount shown on the  
21 amnesty tax return and the correct amount of tax due. The imposition of penalties or  
22 criminal action shall not invalidate any waiver granted under KRS 131.410. With  
23 the exception of the cost-of-collection fee imposed under KRS 131.440(1), all  
24 assessments issued by the department under KRS 131.410 to 131.445 may be  
25 protested by the taxpayer in the same manner as other assessments pursuant to the  
26 terms of this chapter.

27 ➔Section 45. KRS 131.435 is amended to read as follows:

1 (1) The department and the Finance and Administration Cabinet shall begin  
2 procurement for services necessary to implement the tax amnesty program under  
3 KRS Chapter 45A, except as provided under subsection (2) of this section.

4 (2) (a) The department shall issue a request for proposal, which complies with KRS  
5 131.081, to solicit sufficient information for evaluating firms submitting  
6 statements of interest in providing tax amnesty services according to the  
7 following criteria:

- 8 1. The qualifications of the firm to:
  - 9 a. Provide advertising services prior to the start of the program  
10 described in KRS 131.400(3) and a toll-free telephone number for  
11 taxpayers to call for assistance;
  - 12 b. Provide a customer-service approach and strategy to ensure a  
13 positive relationship with each taxpayer;
  - 14 c. Contact every amnesty-eligible taxpayer, including by written  
15 correspondence and other forms of electronic and nonelectronic  
16 communication delivery channels, using contact and account  
17 receivable data supplied by the department related to tax amnesty  
18 and the tax amnesty period;
  - 19 d. Employ the use of contact information correction sources,  
20 including data for all undeliverable mail, updated telephone  
21 numbers, and electronic mail addresses;
  - 22 e. Assist any amnesty-eligible taxpayer by using tax-specific data,  
23 billing codes, or other information provided by the department;
  - 24 f. Maintain the confidentiality of all data under KRS 131.190 which  
25 is supplied by the department or the taxpayer; and
  - 26 g. Remit daily to the department all amnesty applications and tax  
27 payments received and all data corrections for the department's

- 1 databases;
- 2 2. The ability of all professional personnel employed by the firm that will
- 3 provide tax amnesty services, including:
- 4 a. The total number of personnel that will provide tax amnesty
- 5 services to taxpayers leading up to and during the amnesty period;
- 6 b. The title of each specific position type and total number of
- 7 personnel filling each specific position type; and
- 8 c. The minimum qualifications for each specific position type;
- 9 3. The past record and experience of the firm in performing tax amnesty
- 10 services or other tax-related services;
- 11 4. Performance data related to past tax amnesty services or other tax-
- 12 related services performed by the firm;
- 13 5. Certification that the firm will meet the time requirements for the tax
- 14 amnesty program and will conclude all services in a timely manner as
- 15 required by the department or pay to the department a fee for failure to
- 16 meet the timeframe;
- 17 6. Verification of the location of all employees providing tax amnesty
- 18 services;
- 19 7. An agreement by the firm to provide a report to the department for
- 20 posting to the department's website~~[Web site]~~ related to the following
- 21 items:
- 22 a. A report of the public information campaign performed by the
- 23 firm, including an itemized cost incurred;
- 24 b. The number of incoming telephone calls answered by week;
- 25 c. The number of mailings sent to taxpayers;
- 26 d. The number of returned mail items received;
- 27 e. The number of amnesty applications received from taxpayers by

- 1 week;
- 2 f. The number of amnesty applications that were approved by
- 3 taxpayer type;
- 4 g. The number of amnesty applications that were denied by taxpayer
- 5 type and the number of denied amnesty applications by reason for
- 6 denial;
- 7 h. According to the address listed on the amnesty application,
- 8 information related to the absolute number and percentage of total
- 9 for:
- 10 i. Amnesty applications received from businesses or
- 11 individuals and whether the taxpayer was in-state or out-of-
- 12 state;
- 13 ii. Amounts collected from businesses or individuals and
- 14 whether the taxpayer was in-state or out-of-state; and
- 15 iii. The total amount collected by county, including the number
- 16 of applications received by a business, individual, or office
- 17 or member and the total amount paid for each category;
- 18 i. The number of amnesty applications received by appropriate
- 19 payment ranges for the population of applications;
- 20 j. The payment amount received by type of tax;
- 21 k. The amount of tax collected by tax year;
- 22 l. The amount of federal tax collected by tax year;
- 23 m. The number of newly registered taxpayers; and
- 24 n. The amount of tax collected on protested audits by tax type and
- 25 whether the amnesty payment paid the tax protested in full or was
- 26 a partial payment on the audit; and
- 27 8. Any other information required by the department.

- 1 (b) When evaluating firms submitting statements of interest in providing tax  
2 amnesty services, the department shall use a weighted-evaluation approach to  
3 select a firm, including:
- 4 1. The ability of the firm to:
    - 5 a. Provide a customer-service and taxpayer-assistance approach in  
6 providing amnesty services, including communication with  
7 taxpayers before and during the amnesty period, weighted no more  
8 than thirty percent (30%) of the evaluation score; and
    - 9 b. Maintain lines of communication with the department related to  
10 strategy for and delivery of amnesty services and report to the  
11 department regarding the results from the firm delivering amnesty  
12 services, weighted no more than twenty-five percent (25%) of the  
13 evaluation score;
  - 14 2. The bid of the firm to provide amnesty services, weighted no more than  
15 fifteen percent (15%) of the evaluation score; and
  - 16 3. The past performance of the firm with other states, including how well  
17 the firm met goals established by the other states, weighted no more  
18 than thirty percent (30%) of the evaluation score.
- 19 (3) For purposes of accounting for the revenues received pursuant to KRS 131.410 to  
20 131.445, the department shall establish within the general fund a separate and  
21 distinct tax amnesty receipt account. All receipts collected as a result of the amnesty  
22 program shall be paid into this account, and all transactions involving this account  
23 shall be accounted for and reported as such.
- 24 (4) Following receipt of the report required by subsection (2) of this section and the  
25 disposition of moneys as required by subsection (3) of this section, the department  
26 shall provide a report summarizing the amnesty program results to the Interim Joint  
27 Committee on Appropriations and Revenue no later than July 1, 2025~~[2023]~~.

1       ➔Section 46. KRS 131.440 is amended to read as follows:

2       (1) For purposes of the program described in KRS 131.400(3):

3       (a) In addition to all other penalties provided under KRS 131.180, 131.410 to  
4       131.445, 131.990 and any other law, there are hereby imposed after the  
5       expiration of the tax amnesty period the following cost-of-collection fees:

6             1. A cost-of-collection fee of twenty-five percent (25%) on all taxes which  
7             are or become due and owing to the department for any reporting period,  
8             regardless of when due. This fee shall be in addition to any other  
9             applicable fee provided in this paragraph;

10            2. Taxes which are assessed and collected after the amnesty period for  
11            taxable periods ending or transactions occurring prior to December 1,  
12            2023~~[2021]~~, shall be charged a cost-of-collection fee of twenty-five  
13            percent (25%) at the time of assessment; and

14            3. For any taxpayer who failed to file a return for any previous tax period  
15            for which amnesty is available and fails to file the return during the  
16            amnesty period, the cost-of-collection fee shall be fifty percent (50%) of  
17            any tax deficiency assessed after the amnesty period.

18       (b) After expiration of the tax amnesty period, an amnesty-eligible tax liability  
19       that remains unpaid and that is not covered by an installment agreement as  
20       provided in KRS 131.420 shall accrue interest at a rate that is two percent  
21       (2%) above the interest rate established by KRS 131.183 or other applicable  
22       provisions of the Kentucky Revised Statutes, beginning on the day after the  
23       tax amnesty period ends.

24       (2) The commissioner shall have the right to waive any penalties or collection fees  
25       when it is demonstrated that any deficiency of the taxpayer was due to reasonable  
26       cause as defined in KRS 131.010(9). However, any taxes that cannot be paid under  
27       the amnesty program because of the exclusions under KRS 131.410(2) shall not be



1 subject to these fees.

2 (3) The provisions of subsection (1) of this section shall not relate to any account which  
3 has been protested pursuant to KRS 131.110 as of the expiration of the amnesty  
4 period and which does not become due and owing, or to any account on which the  
5 taxpayer is remitting timely payments under a payment agreement negotiated with  
6 the department prior to or during the amnesty period.

7 (4) The fee levied under subsection (1) of this section shall not apply to taxes paid  
8 pursuant to the terms of the amnesty program nor shall the judgment penalty of  
9 twenty percent (20%) levied under KRS 135.060(3) apply in any case in which the  
10 fee levied under this section is applicable.

11 ➔Section 47. KRS 131.445 is amended to read as follows:

12 (1) After the expiration of the tax amnesty period, the department shall vigorously  
13 pursue all civil, administrative, and criminal penalties authorized by state and  
14 federal law for all taxes found to be due the Commonwealth.

15 (2) In addition to all other penalties provided under KRS 131.180, 131.410 to 131.445,  
16 131.990, and any other law, any taxpayer who willfully fails to make a return or  
17 willfully makes a false return, or who willfully fails to pay taxes owing or collected,  
18 with intent to evade payment of the tax or amount collected, or any part thereof,  
19 shall be guilty of a Class D felony.

20 (3) (a) Amnesty received by a taxpayer under the program described in KRS  
21 131.400(3) shall be invalidated if:

22 1. The taxpayer fails to timely file any tax return or timely pay any tax and  
23 interest due for any period ending on or after October 1, 2011, but prior  
24 to December 1, 2023~~[2021]~~; or

25 2. The taxpayer fails to timely file any tax return or timely pay any tax for  
26 any period beginning December 1, 2023~~[2021]~~, and ending within three  
27 (3) years of the date amnesty was granted to the taxpayer.

1 (b) Except as provided in paragraph (d) of this subsection, if the provisions of  
2 paragraph (a) of this subsection apply, then the civil penalties, fees, and  
3 interest waived pursuant to KRS 131.410 shall:

- 4 1. Be reinstated;
- 5 2. Be subject to immediate collection by the department; and
- 6 3. Not be subject to protest under KRS 131.110.

7 (c) The department may utilize any remedy permitted under the law to collect  
8 amounts due under this subsection, and no statute of limitations shall apply.

9 (d) If paragraph (a) of this subsection applies to a taxpayer as the result of an audit or  
10 other investigation by the department, the amnesty shall not be invalidated until the  
11 taxpayer has had the opportunity to protest as provided in KRS 131.110, and has  
12 failed to pay the tax within thirty (30) days of the date on which the assessment  
13 becomes final, due, and owing as provided in KRS 131.500(1).

14 ➔Section 48. **Revenue Replacement:** Notwithstanding KRS 43.070(3), during  
15 the 2024-2026 fiscal biennium, counties shall bear one-half of the actual expense of  
16 audits conducted pursuant to KRS 43.070(1)(a)2. and (2)(a).

17 ➔Section 49. **Authority to Sell:** Notwithstanding KRS 154.15-020, the Kentucky  
18 Communications Network Authority shall have the authority to enter into contracts with  
19 public and private entities to carry out its duties and responsibilities, which may include  
20 the sale of all or portions of the Commonwealth's open-access broadband network known  
21 as KentuckyWired. A contract or other agreement involving the acquisition or disposition  
22 of a property interest by the Commonwealth shall be signed by the Secretary of the  
23 Finance and Administration Cabinet. KRS Chapters 45A and 56 may require the  
24 Secretary's signature on other contracts or agreements.

25 ➔Section 50. **Sale of Properties:** Notwithstanding KRS 45A.045(4), the Finance  
26 and Administration Cabinet may sell, trade, or otherwise dispose of the three properties  
27 used by the Education and Labor Cabinet located in the cities of Winchester, Morehead,

1 and Hazard at a selling price that is below the appraised value by July 1, 2025.  
2 Notwithstanding KRS 45.777, up to \$3,000,000 of proceeds from the disposal of the  
3 above-mentioned properties shall be used to reduce the Wagner-Peyser deficit.

4       ➔Section 51.       **Kentucky Group Self-Insurance Guaranty Fund:**  
5 Notwithstanding KRS 342.908(4), no assessments from the members of the Kentucky  
6 Group Self-Insurance Guaranty Fund shall exceed an amount in excess of \$5,000,000 at  
7 any given time. Notwithstanding KRS 342.908(4) and (5), the Board of Directors shall  
8 raise assessments to a percentage of the premium for each member of the Kentucky  
9 Group Self-Insurance Guaranty Fund sufficient to pay outstanding claims.

10       ➔Section 52.       **Billing for Security Services:** Notwithstanding any statute to the  
11 contrary, the Department of Kentucky State Police shall bill and accept payment from  
12 nonstate-operated event sponsors for security services provided by the Department.

13       ➔Section 53.       **Jailer Canteen Accounts:** Notwithstanding KRS 67.0802(6)(a),  
14 any compensation resulting from the disposal of real or personal property that was  
15 purchased from a canteen account under KRS 441.135 shall be returned to the canteen  
16 account from which the real or personal property was originally purchased. All proceeds  
17 resulting from the disposal of real or personal property purchased from a canteen account  
18 shall be reported to the Interim Joint Committee on Appropriations and Revenue by  
19 December 1 of each fiscal year.

20       ➔Section 54.       **Administrative Fee on Infrastructure for Economic**  
21 **Development Fund Projects:** A one-half of one percent administrative fee is authorized  
22 to be paid to the Kentucky Infrastructure Authority for the administration of each project  
23 funded by the Infrastructure for Economic Development Fund for Coal-Producing  
24 Counties and the Infrastructure for Economic Development Fund for Tobacco Counties.  
25 These administrative fees shall be paid, upon inception of the project, out of the fund  
26 from which the project was allocated.

27       ➔Section 55.       **Charges for Federal, State, and Local Audits:** Any additional

1 expenses incurred by the Auditor of Public Accounts for required audits of Federal Funds  
2 shall be charged to the government or agency that is the subject of the audit. The Auditor  
3 of Public Accounts receives General Fund appropriations for audits of the statewide  
4 systems of personnel and payroll, cash and investments, revenue collection, and the state  
5 accounting system. Any expenses incurred by the Auditor of Public Accounts for any  
6 other audits shall be charged to the agency that is the subject of such audit. The Auditor  
7 of Public Accounts shall maintain a record of all time and expenses for each audit or  
8 investigation.

9 Any expenses incurred by the Auditor of Public Accounts for auditing individual  
10 governmental entities when mandated by a legislative committee shall be charged to the  
11 agency or entity receiving audit services.

12 ➔Section 56. **Personnel Board Operating Assessment:** Each Agency of the  
13 Executive Branch with employees covered by KRS Chapter 18A shall be assessed each  
14 fiscal year the amount required for the operation of the Personnel Board. The agency  
15 assessment shall be determined by the Secretary of the Finance and Administration  
16 Cabinet based on the authorized full-time positions of each agency on July 1 of each year  
17 of the biennium. The Secretary of the Finance and Administration Cabinet shall collect  
18 the assessment.

19 ➔Section 57. **Water Withdrawal Fees:** The water withdrawal fees imposed by  
20 the Kentucky River Authority shall not be subject to state and local taxes.  
21 Notwithstanding KRS 151.710(10), Tier 1 water withdrawal fees shall be used to support  
22 the operations of the Authority and for contractual services for water supply and quality  
23 studies.

24 ➔Section 58. **Urgent Needs School Assistance:** If a school district receives an  
25 allotment for an Urgent Needs School authorized in 2014 Ky. Acts ch. 117, Part I, A.,  
26 28., (5), 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b), 2016 Ky. Acts ch. 149, Part I, A.,  
27 28., (4) and (5), 2018 Ky. Acts ch. 169, Part I, A., 27., (3), or 2021 Ky. Acts ch. 169, Part

1 I, A., 28., (3), and subsequently, as a result of litigation or insurance, receives funds for  
2 the original facility, the school district shall reimburse the Commonwealth an amount  
3 equal to that received for such purposes. If the litigation or insurance receipts are less  
4 than the amount received, the district shall reimburse the Commonwealth an amount  
5 equal to that received as a result of litigation or insurance less the district's costs and  
6 legal fees in securing the judgment or payment. Any funds received in this manner shall  
7 be deposited in the General Fund.

8 →Section 59. **Premium and Retaliatory Taxes:** Notwithstanding KRS 304.17B-  
9 021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and  
10 retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the  
11 General Fund.

12 →Section 60. **Monthly Per Employee Health Insurance Benefits Assessment:**  
13 The Personnel Cabinet shall collect a benefits assessment per month per employee  
14 eligible for health insurance coverage in the state group for duly authorized use by the  
15 Personnel Cabinet in administering its statutory and administrative responsibilities,  
16 including but not limited to administration of the Commonwealth's health insurance  
17 program.

18 →Section 61. **Executive Branch Ethics Commission:** The Executive Branch  
19 Ethics Commission may increase the amount of the registration fee provided under KRS  
20 11A.211(6) for the purpose of funding a new online filing system.

21 →Section 62. **Tax Expenditure Analysis:** (1) By September 1, 2024, and  
22 September 1, 2025, in conjunction with the publication of the Tax Expenditure Analysis  
23 and with the assistance of the Department of Revenue, the Office of State Budget  
24 Director shall provide, to the Legislative Research Commission and the Interim Joint  
25 Committee on Appropriations and Revenue, recommendations of tax expenditures which  
26 may be considered by the General Assembly.

27 (2) The recommendations shall:

1 (a) Contain two lists, each containing 20 tax expenditures for consideration by the  
2 General Assembly, one of which is for immediate sunset and one of which may be sunset  
3 within five years;

4 (b) Consider all tax expenditures within the Tax Expenditure Analysis; and

5 (c) Include a description of the tax expenditure recommended for sunset, the  
6 estimated fiscal impact of sunsetting the tax expenditure, and a list of specific taxpayers  
7 which will be impacted if the General Assembly acts upon the recommendations.

8 (3) The information required to be reported under this section shall not be  
9 considered confidential taxpayer information and shall not be subject to KRS Chapter  
10 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or  
11 reporting of information.

12 ➔Section 63. Sections 10, 18, 19, 20, and 34 of this Act take effect January 1,  
13 2025.

14 ➔Section 64. Section 15 of this Act applies to the fiscal year 2023-2024  
15 calculation of GF appropriations.

16 ➔Section 65. Sections 21, 28, and 33 of this Act take effect August 1, 2024.

17 ➔Section 66. Section 30 of this Act applies to fiscal years beginning or after July  
18 1, 2020.

19 ➔Section 67. Sections 48 to 60 of this Act apply to the fiscal year beginning July  
20 1, 2024, and ending June 30, 2025, and the fiscal year beginning July 1, 2025, and ending  
21 June 30, 2026, and shall expire at the end of June 30, 2026.

22 ➔Section 68. Whereas fiscal matters are necessary in the growth and stability of  
23 the Commonwealth's economy, an emergency is declared to exist, and Sections 4, 15, and  
24 48 to 60 of this Act take effect upon its passage and approval by the Governor or upon its  
25 otherwise becoming a law.