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OFFICE OF THE COMMISSIONER**

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**TO: Jay Hartz, Director  
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**Senator Christian McDaniel, Co-Chair  
Interim Joint Committee On Appropriations and Revenue**

**Representative Jason Petrie, Co-Chair  
Interim Joint Committee On Appropriations and Revenue**

**FROM: Thomas B. Miller, Commissioner  
Department of Revenue**

**DATE: October 3, 2024**

**RE: 2024 Tax Law Changes from the Regular Session of the General Assembly**

This report provides a summary of tax law changes from the 2024 Regular Session of the General Assembly. Sections of bills that are not considered to be tax law changes are not included in this report.

House Bill 8 – AN ACT relating to fiscal matters, making an appropriation therefor, and declaring an emergency.

Sections 1-3: Extends petroleum storage tank refunds from July 15, 2025, to July 15, 2031.

- Impacted Statutes: KRS 224.60
- Actions taken or to be taken to implement: No changes necessary.
- Required modifications to IT systems and estimated cost: No changes necessary to IT systems.
- Development of new or modification of existing forms: No changes necessary to forms.
- Taxpayer education efforts: None.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.

- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 5: Removes Historical Horse Racing wager allocations from the KY Thoroughbred breeders incentive fund and KY standardbred breeders incentive fund to redirect those funds to the Horse Racing Commission for aftercare facilities and equine management internship program.

- Impacted Statutes: KRS 138.510
- Actions taken or to be taken to implement: Created 2 new pari-mutuel receipts accounts – (1) Pari-Mutuel Aftercare Facility and (2) Equine Management Internship
- Required modifications to IT systems and estimated cost: ARP, JV, CARS - \$966
- Development of new or modification of existing forms: No changes to forms.
- Taxpayer education efforts: None.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 10: Increases the threshold for collecting and remitting sales and use tax on services from \$6,000 to \$12,000 of gross receipts derived from the sale of those services.

- Impacted Statutes: KRS 139.470
- Actions taken or to be taken to implement: Included in the 2024 edition of the Sales Tax Facts published on the Department’s website.
- Required modifications to IT systems and estimated cost: No system changes.
- Development of new or modification of existing forms: No changes to forms necessary.
- Taxpayer education efforts: Included in the 2024 edition of the Sales Tax Facts published on the Department’s website.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Sections 11-13: Establishes the qualified broadband investment credit. The credit is nonrefundable and nontransferable and may be claimed against the individual income tax or corporation income tax and the limited liability entity tax. The credit is based on the sales and use tax paid on certain equipment and services related to investing in a broadband project. The ordering of the credits statute has also been updated to include the qualified broadband investment credit.

- Impacted Statutes: KRS 131.190, 141.0205, 141.391
- Actions taken or to be taken to implement: Create an application and approval process for the eligible taxpayer to apply for the credit. Establish a process to allow the eligible taxpayer to claim the credit on the tax return by updating existing forms.

- Required modifications to IT systems and estimated cost: Modifications to multiple IT systems will cost an estimated \$4,461,560.25. The modifications will have to be made to legacy systems and the new integrated tax system (doris) due to the timing of the new credit's effective date and the implementation of the *doris* project.
- Development of new or modification of existing forms: Schedule ITC and Schedule TSC will be updated.
- Taxpayer education efforts: Information on this credit will be included in the presentation for the UK Income Tax Seminar presented multiple times at various locations in the state. Taxpayers will be educated individually as calls or inquiries are received.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: Taxing area personnel, Legal Services for Revenue, COT, and outside vendors will all be needed to successfully implement this credit.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 14: Updates conformity date to the Internal Revenue Code to the Code in effect on December 31, 2023, for income tax purposes.

- Impacted Statutes: KRS 141.010
- Actions taken or to be taken to implement: Update to form instructions.
- Required modifications to IT systems and estimated cost: No system changes.
- Development of new or modification of existing forms: No new forms or form modifications will be necessary. Form instructions for existing forms will be the only changes necessary.
- Taxpayer education efforts: Changes will be included in the presentation for the UK Income Tax Seminar presented multiple times at various locations in the state. Taxpayers will be educated individually as calls or inquiries are received.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: Taxing area personnel, Legal Services for Revenue, COT, and outside vendors will all be needed to successfully implement this change.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 15: Amends individual income tax rate reduction conditions to add that any appropriation from the Budget Reserve Trust Fund ("BRTF") account that is solely supported by moneys from the BRTF and specifically identified in the appropriation language is not a General Fund appropriation for purposes of the rate reduction conditions. The Department of Revenue will be impacted for each rate reduction that is approved by the General Assembly. The following provides information on the Department's impacts when rate reductions are approved.

- Impacted Statutes: KRS 141.020
- Actions taken or to be taken to implement: Update tax returns, instructions, and systems for individual income tax, withholding tax, nonresident withholding tax, and pass-through entity tax.
- Required modifications to IT systems and estimated cost: None.

- Development of new or modification of existing forms: Individual income tax rate would be updated on the forms and instructions for individual income tax, withholding tax, nonresident withholding tax, and pass-through entity tax.
- Taxpayer education efforts: Changes will be included in the presentation for the UK Income Tax Seminar presented multiple times at various locations in the state. Taxpayers will be educated individually as calls or inquiries are received. The rate change will also be shared with software vendors.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: Taxing area personnel, COT, and outside vendors will all be needed to successfully implement any tax rate reduction.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 16: Amends the effective date of the deferred tax deduction to tax years beginning on or after January 1, 2026. No deferred tax deduction may be claimed on a corporation income tax return prior to January 1, 2026.

- Impacted Statutes: KRS 141.039
- Actions taken or to be taken to implement: Publish update in form instructions.
- Required modifications to IT systems and estimated cost: None.
- Development of new or modification of existing forms: No changes necessary at this time.
- Taxpayer education efforts: Changes will be included in the presentation for the UK Income Tax Seminar presented multiple times at various locations in the state. Taxpayers will be educated individually as calls or inquiries are received.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel will be necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 17: Extends refunds for coal severance tax on exported coal through July 1, 2026.

- Impacted Statutes: KRS 143.022
- Actions taken or to be taken to implement: None.
- Required modifications to IT systems and estimated cost: No changes necessary.
- Development of new or modification of existing forms: No changes to forms necessary.
- Taxpayer education efforts: None.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel will be necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Sections 22-27: Requires the Department of Revenue's Office of Tax Policy and Regulation to publish tax forms and administrative writings.

- Impacted Statutes: KRS 131.010, 131.020, 131.030, 131.130, 131.131.
- Actions taken or to be taken to implement: Will publish administrative writings, as defined in the legislation, on the Department's website.
- Required modifications to IT systems and estimated cost: Publication of administrative writings will be on the department's website with minimal additional costs.
- Development of new or modification of existing forms: Forms will be developed or modified as needed following the definition of "tax form" in KRS 131.010 and will be published to the Department's website. Electronic filing and payment options will still be available for those required or with the option to be submitted electronically.
- Taxpayer education efforts: Educational materials, including training manuals will be published on the Department's website.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: Depending on the volume of administrative writings requiring redaction, the Department will shift personnel as needed to enable publication of administrative writings within the timeframe provided by KRS 131.020(1)(b)5.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 28: Allows an additional deduction for bad debts on the motor vehicle rental or ride share excise tax.

- Impacted Statutes: KRS 138.472
- Actions taken or to be taken to implement: Modified instructions and Form 73A391 to add a line for reporting bad debt. Requested ticket for COT to modify TARS to include a line for bad debts on the electronic version of Form 73A391.
- Required modifications to IT systems and estimated cost: TARS - \$10,488.50
- Development of new or modification of existing forms: Added a line for reporting of bad debts on the Motor Vehicle Rental/Ride Share Excise Tax Report (Form 73A391) and updated the instructions.
- Taxpayer education efforts: Added instructions for reporting bad debt to Form 73A391.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 29: Changes the definition of "modified new revenues for income tax" in relation to tax increment financing ("TIF") projects to allow the income tax modifier to be used for future increment years for calendar years 2023 to 2026 for all TIF projects under KRS 154.30 and approved before January 1, 2023.

- Impacted Statutes: KRS 154.30-010

- Actions taken or to be taken to implement: Prepare the detailed calculation of the TIF using a modification factor.
- Required modifications to IT systems and estimated cost: No system changes.
- Development of new or modification of existing forms: No form changes required.
- Taxpayer education efforts: Including an explanation of the modifier calculation in the increment letters for the impacted TIF projects.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personal is required.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 32: Extends waste tire fee through June 30, 2026.

- Impacted Statutes: KRS 224.50-868
- Actions taken or to be taken to implement: None.
- Required modifications to IT systems and estimated cost: No changes necessary.
- Development of new or modification of existing forms: No form changes necessary.
- Taxpayer education efforts: None
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 35: Excludes “limited power of appointment” from inheritance tax purposes. Clarifies “power of appointment” language.

- Impacted Statutes: KRS 140.040
- Actions taken or to be taken to implement: Guidance will be posted to the website. Employees will be training on case review and taxability changes.
- Required modifications to IT systems and estimated cost: No changes necessary.
- Development of new or modification of existing forms: No changes necessary.
- Taxpayer education efforts: Changes were included in a presentation to CPAs. Website will be updated to provide guidance.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Section 36: Extends income tax exemption for disaster response businesses through 2026.

- Impacted Statutes: KRS 141.040
- Actions taken or to be taken to implement: Publish in form instructions.

- Required modifications to IT systems and estimated cost: No system changes required.
- Development of new or modification of existing forms: No form changes required.
- Taxpayer education efforts: Publish in tax for instructions under “Tax Law Changes.”
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Sections 37-42: Establishes a sales and use tax exemption for data centers.

- Impacted Statutes: KRS 139.499
- Actions taken or to be taken to implement: Developed a new exemption form, Form 51A140 and included guidance in the June 2024 Sales Tax Facts
- Required modifications to IT systems and estimated cost: No system changes required.
- Development of new or modification of existing forms: Developed a new exemption form, Form 51A140.
- Taxpayer education efforts: Included guidance in the June 2024 Sales Tax Facts.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

House Bill 122 – AN ACT relating to revenue and declaring an emergency.

Section 1: Exempts vehicle charging stations with a charging capacity less than 20 kilowatts from the excise tax on electric vehicle charging stations. Effective January 1, 2024.

- Impacted Statutes: KRS 138.477
- Actions taken or to be taken to implement: Revised Tax Registration Application for Electric Vehicle Power Dealers Excise Tax, Form 72A100, to remove reporting of Level 2 and below chargers. Modified system to remove reporting of Level 2 and below chargers on the electronic version of the application. Contacted taxpayers reporting and paying on Level 2 and below charging stations to inform them of law change and expected refund of tax. Added guidance on the Department’s website. Updated registration instructions and posted to the Department’s website.
- Required modifications to IT systems and estimated cost: Electric Vehicle Power - \$20,921
- Development of new or modification of existing forms: Revised Form 72A100 to remove reporting of Level 2 and below chargers and updated instructions.
- Taxpayer education efforts: Notice was posted to the Department’s website. FAQs on taxanswers.ky.gov were updated to include guidance regarding Level 1 and 2 chargers. Taxpayers that previously registered for Level 1 or 2 charging stations were contacted.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.

- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Sections 3-4: Amends definition of “real property” to include mains, pipes, pipelines, and conduits for property assessed on January 1, 2024, and January 1, 2025.

- Impacted Statutes: KRS 132.010, 136.010
- Actions taken or to be taken to implement: Changes may be necessary for instructions to the personal property tax return.
- Required modifications to IT systems and estimated cost: No system changes required.
- Development of new or modification of existing forms: Form instructions may need to be updated.
- Taxpayer education efforts: None.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Senate Bill 50 – AN ACT relating to alcoholic beverages.

Sections 1-3: Allows craft distillers to self-distribute up to 5,000 gallons of distilled spirits to retail licensees. Requires craft distillers to pay the distillers wholesale tax and report self-distributed distilled spirits.

- Impacted Statutes: KRS 243.0305, 243.710, 243.884
- Actions taken or to be taken to implement: Modified Monthly Report of Distillers, Rectifiers, or Bottlers and the form instructions to include reporting of self-distribution by craft distillers and distilled spirits case sales tax. Posted guidance on the Department’s website.
- Required modifications to IT systems and estimated cost: No system changes required.
- Development of new or modification of existing forms: Modified Monthly Report of Distillers, Rectifiers, or Bottlers, Form 73A525, and the Instructions for Monthly Report of Distillers, Rectifiers, or Bottlers, Form 73A525(l), to include reporting of self-distribution by craft distillers and distilled spirits case sales tax.
- Taxpayer education efforts: Posted guidance on the Department’s website.
- Administrative regulations filed or to be filed: No new regulations or amendments have been determined to be needed at this time.
- Shifting of personnel to perform actions: No shifting of personnel is necessary.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements are being suggested at this time.

Senate Bill 199 – AN ACT relating to motor vehicle and making an appropriation.

Requires DOR to identify a nationally accepted used car valuation guide.



- Impacted Statutes: KRS 186A.520 and 186A.555.
- Actions taken or to be taken to implement: The Department of Revenue is required to identify a nationally accepted used car valuation guide to be used by the Department of Insurance.
- Required modifications to IT systems and estimated cost: No system changes required to Department of Revenue IT systems.
- Development of new or modification of existing forms: No form changes required.
- Taxpayer education efforts: None.
- Administrative regulations filed or to be filed: The Department of Revenue is required to identify a nationally accepted used car valuation guide by administrative regulation.
- Shifting of personnel to perform actions: No shifting of personnel is required for the Department of Revenue.
- Suggestions for related statutory corrections/improvements: No statutory corrections or improvements have been determined at this time.