

138.195 License required for various dealers -- Fees -- Revocation of licenses -- Appeals -- Records -- Reports -- Administrative regulations -- Tax returns -- Grounds for denial of license. (Effective July 15, 2026)

- (1)
 - (a) A person other than a manufacturer shall not acquire cigarettes in this state on which the Kentucky cigarette tax has not been paid, nor act as a resident wholesaler, nonresident wholesaler, vending machine operator, subjobber, transporter or unclassified acquirer of such cigarettes without first obtaining a license from the department as provided in this section.
 - (b) A person shall not act as a distributor of tobacco products or vapor products without first obtaining a license from the department as provided in this section.
 - (c) An individual, entity, or any other group or combination acting as a unit shall not be eligible to obtain a license under this section if the individual, or any partner, director, principal officer, or manager of the entity or any other group or combination acting as a unit has been convicted of or entered a plea of guilty or nolo contendere to:
 1. A crime relating to the reporting, distribution, sale, or taxation of cigarettes, tobacco products, or vapor products; or
 2. A crime involving fraud, falsification of records, improper business transactions or reporting;for ten (10) years from the expiration of probation or final discharge from parole or maximum expiration of sentence.
- (2)
 - (a) Each resident wholesaler shall secure a separate license for each place of business at which cigarette tax evidence is affixed or at which cigarettes on which the Kentucky cigarette tax has not been paid are received.
 - (b) Each nonresident wholesaler shall secure a separate license for each place of business at which evidence of Kentucky cigarette tax is affixed or from where Kentucky cigarette tax is reported and paid.
 - (c) Each license shall be secured on or before July 1 of each year.
 - (d) Each licensee shall pay the sum of five hundred dollars (\$500) for each year, or portion thereof, for which each license is secured.
- (3)
 - (a) Each subjobber shall secure a separate license for each place of business from which cigarettes, upon which the cigarette tax has been paid, are made available to retailers, whether the place of business is located within or without this state.
 - (b) Each license shall be secured on or before July 1 of each year.
 - (c) Each licensee shall pay the sum of five hundred dollars (\$500) for each year, or portion thereof, for which each license is secured.
- (4)
 - (a) Each vending machine operator shall secure a license for the privilege of dispensing cigarettes, tobacco products, or vapor products by vending machines on which the tax imposed by KRS 138.140 is required to be paid.
 - (b) Each license shall be secured on or before July 1 of each year.
 - (c) Each licensee shall pay the sum of twenty-five dollars (\$25) for each year, or

portion thereof, for which each license is secured.

- (d) A vending machine shall not be operated within this Commonwealth without having prominently affixed thereto the name of its operator and the license number assigned to that operator by the department.
 - (e) The department shall prescribe by administrative regulation the manner in which the information shall be affixed to the vending machine.
- (5) (a) Each transporter shall secure a license for the privilege of transporting cigarettes within this state.
- (b) Each license shall be secured on or before July 1 of each year.
 - (c) Each licensee shall pay the sum of fifty dollars (\$50) for each year, or portion thereof, for which each license is secured.
 - (d) A transporter shall not transport any cigarettes without having in actual possession an invoice or bill of lading therefor, showing:
 - 1. The name and address of the consignor and consignee;
 - 2. The date acquired by the transporter;
 - 3. The name and address of the transporter;
 - 4. The quantity of cigarettes being transported; and
 - 5. The license number assigned to the transporter by the department.
- (6) (a) Each unclassified acquirer shall secure a license for the privilege of acquiring cigarettes on which the cigarette tax has not been paid.
- (b) Each license shall be secured on or before July 1 of each year.
 - (c) Each licensee shall pay the sum of fifty dollars (\$50) for each year, or portion thereof, for which the license is secured.
- (7) (a) 1. Each distributor shall secure a license for the privilege of selling tobacco products or vapor products in this state. Each license shall be secured on or before July 1 of each year, and each licensee shall pay the sum of five hundred dollars (\$500) for each year, or portion thereof, for which the license is secured.
- 2.
 - a. A resident wholesaler, nonresident wholesaler, or subjobber licensed under this section may also obtain and maintain a distributor's license at each place of business at no additional cost each year.
 - b. An unclassified acquirer licensed under this section may also obtain and maintain a distributor's license for the privilege of selling tobacco products or vapor products in this state. The license shall be secured on or before July 1 of each year, and each licensee shall pay the sum of four hundred fifty dollars (\$450) for each year, or portion thereof, for which the license is secured.
 - 3. The department may, upon application, grant a distributor's license to a person other than a retailer and who is not otherwise required to hold a distributor's license under this paragraph. If the department grants the license, the licensee shall pay the sum of five hundred dollars (\$500) for each year, or portion thereof, for which the license is secured, and the

licensee shall be subject to the excise tax in the same manner and subject to the same requirements as a distributor required to be licensed under this paragraph.

- (b) The department may, upon application, grant a retail distributor's license to a retailer for the privilege of purchasing tobacco products or vapor products from a distributor not licensed by the department. If the department grants the license, the licensee shall pay the sum of one hundred dollars (\$100) for each year, or portion thereof, for which the license is secured.
- (8) KRS 138.130 to 138.205 shall not be construed to prevent the department from requiring a person to purchase more than one (1) license if the nature of that person's business is so diversified as to justify the requirement.
- (9) (a) The department may, by administrative regulation promulgated in accordance with KRS Chapter 13A, require any person requesting a license or holding a license under this section to supply such information concerning his or her business, sales or any privilege exercised, as is deemed reasonably necessary for the regulation of the licensees, and to protect the revenues of the state.
(b) Failure on the part of the applicant or licensee to:
 - 1. Comply with KRS 131.600 to 131.630, 138.130 to 138.205, 248.752, or 248.754 or any administrative regulations promulgated thereunder; or
 - 2. Permit an inspection of premises, machines, or vehicles by an authorized agent of the department at any reasonable time;shall be grounds for the denial or revocation of any license issued by the department, after due notice and a hearing by the department.
- (c) The commissioner may assign a time and place for the hearing and may appoint a conferee who shall conduct a hearing, receive evidence, and hear arguments.
- (d) The conferee shall thereupon file a report with the commissioner together with a recommendation as to the denial or revocation of the license.
- (e) From any denial or revocation made by the commissioner on the report, the licensee may prosecute an appeal to the Board of Tax Appeals pursuant to KRS 49.220.
- (f) Any person whose license has been revoked for the willful violation of any provision of KRS 131.600 to 131.630, 138.130 to 138.205, 248.752, or 248.754 or any administrative regulations promulgated thereunder shall not be entitled to any license provided for in this section, or have any interest in any license, either disclosed or undisclosed, either as an individual, partnership, corporation or otherwise, for a period of two (2) years after the revocation.
- (10) A license issued under this section shall not be transferable or negotiable, except that a license may be transferred between an individual and a corporation if that individual is the exclusive owner of that corporation, or between a subsidiary corporation and its parent corporation.
- (11) Every manufacturer located or doing business in this state and the first person to import cigarettes into this state shall keep written records of all shipments of cigarettes to persons within this state, and shall submit to the department monthly

reports of the shipments. All books, records, invoices, and documents required by this section shall be preserved in a form prescribed by the department for not less than four (4) years from the making of the records unless the department authorizes, in writing, the destruction of the records.

- (12) A person licensed under this section other than a nonresident wholesaler shall either sell to or purchase from any other such licensee untax-paid cigarettes.
- (13)
 - (a) Licensed distributors of tobacco products or vapor products shall pay and report the tobacco products tax or vapor products tax on or before the twentieth day of the calendar month following the month in which the possession or title of the tobacco products or vapor products are transferred from the licensed distributor to retailers or consumers in this state, as the case may be.
 - (b) Retailers who have applied for and been granted a retail distributor's license for the privilege of purchasing tobacco products or vapor products from a person who is not a distributor licensed under KRS 138.195(7)(a) shall report and pay the tobacco products tax or vapor products tax on or before the twentieth day of the calendar month following the month in which the products are acquired by the licensed retail distributors.
 - (c) If the distributor or retail distributor timely reports and pays the tax due, the distributor or retail distributor may deduct an amount equal to one percent (1%) of the tax due.
 - (d) The department shall promulgate administrative regulations in accordance with KRS Chapter 13A to prescribe the details of the reporting requirements.
- (14) A tax return shall be filed for each reporting period whether or not tax is due.
- (15) Any license issued by the department under this section shall not be construed to waive or condone any violation that occurred or may have occurred prior to the issuance of the license and shall not prevent subsequent proceedings against the licensee.
- (16)
 - (a) The department may deny the issuance of a license under this section if:
 - 1. The applicant has made any material false statement on the application for the license; or
 - 2. The applicant has violated any provision of KRS 131.600 to 131.630, 138.130 to 138.205, 248.754, or 248.756 or any administrative regulations promulgated thereunder.
 - (b) If the department denies the applicant a license under this section, the department shall notify the applicant of the grounds for the denial, and the applicant may request a hearing and appeal the denial as provided in subsection (9) of this section.

Effective: July 15, 2026

History: Amended 2026 Ky. Acts ch. 161, sec. 41, effective July 15, 2026. -- Amended 2021 Ky. Acts ch. 185, sec. 75, effective June 29, 2021. -- Amended 2020 Ky. Acts ch. 91, sec. 55, effective August 1, 2020. -- Amended 2018 Ky. Acts ch. 171, sec. 33, effective April 14, 2018; and ch. 207, sec. 33, effective April 27, 2018. -- Amended 2017 Ky. Acts ch. 74, sec. 83, effective June 29, 2017. -- Amended 2015 Ky. Acts ch. 55, sec. 16, effective July 1, 2015. -- Amended 2013 Ky. Acts ch. 97, sec. 3,

effective August 1, 2013. -- Repealed and reenacted 2009 Ky. Acts ch. 86, sec. 2, effective March 24, 2009. -- Amended 2008 Ky. Acts ch. 132, sec. 2, effective April 24, 2008. -- Amended 2005 Ky. Acts ch. 85, sec. 350, effective June 20, 2005; and ch. 168, sec. 85, effective June 1, 2005. -- Amended 1988 Ky. Acts ch. 40, sec. 1, effective July 15, 1988. -- Amended 1982 Ky. Acts ch. 386, sec. 4, effective July 15, 1982. -- Amended 1964 Ky. Acts ch. 141, sec. 26. -- Created 1962 Ky. Acts ch. 92, sec. 4.

Legislative Research Commission Note (3/24/2009). 2009 Ky. Acts ch. 86, sec. 17, provides that "The intent of the General Assembly in repealing and reenacting KRS 136.392, 138.195, 141.160, 160.6156, 160.6157, 160.6158, 131.183, 141.044, 141.235, 134.580, 393.060, and 157.621 in Sections 1 to 12 of this Act is to affirm the amendments made to these sections in 2008 Ky. Acts ch. 132. The provisions in Sections 1 to 12 of this Act shall apply retroactively to April 24, 2008."

Legislative Research Commission Note (3/24/2009). 2009 Ky. Acts ch. 86, sec. 18, provides "To the extent that any provision included in this Act is considered new language, the provisions of KRS 446.145 requiring such new language to be underlined are notwithstanding."

Legislative Research Commission Note (6/1/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts ch. 168, sec. 85, contained a reference in the newly created subsection (12) of this section to "subsections (3) and (4) of Section 81 of this Act" (KRS 138.140). In merging the provisions of 2005 Ky. Acts chs. 168 and 173 in codification, subsections (3) and (4) became subsections (4) and (5).