OFFICE OF ATTORNEY GENERAL
Kentucky Office of Regulatory Relief
(Amendment)

40 KAR 12:520. Transient Merchant Permit Bonds.

RELATES TO: KRS 365.680
STATUTORY AUTHORITY: KRS 15.180, 367.150(4), 365.680
CERTIFICATION STATEMENT: This is to certify that this administrative regulation amendment complies with the requirements of 2025 RS HB 6, Section 8.
NECESSITY, FUNCTION, AND CONFORMITY: KRS 15.180 authorizes the Attorney General to promulgate administrative regulations that will facilitate performing the duties and exercising the authority vested in the Attorney General and the Department of Law. KRS 367.150(4) requires the Department of Law to recommend administrative regulations in the consumers' interest. KRS 365.680 requires a transient merchant permit applicant to submit[file] a surety bond with the Attorney General when the aggregate market value of goods, wares or merchandise to be sold is [one]$1,500[.00] or more. This administrative regulation establishes an online bond submission process[the form to be used] by a transient merchant permit applicant when submitting the required surety bond.

Section 1. Transient Merchant Permit Bond Submission. When[if] an applicant submits a transient merchant permit application to a county clerk or an urban county government officer and the aggregate market value of goods, wares or merchandise to be sold is $1,500[.00] or more, the applicant shall [complete and]submit a surety bond complying with KRS 365.680["Transient Merchant Permit Bond Notice", Form T-1,] to the Attorney General using the Transient Merchant Surety Bond submission portal available at https://www.ag.ky.gov/Resources/Pages/forms.aspx[General's office, and submit a surety bond complying with KRS 365.680].

Section 2. Incorporation by Reference.
(1) "Transient Merchant Surety Bond Submissions portal", Nov. 2026,[Permit Bond Notice", Form T-1, Nov. 2025,] is incorporated by reference.
(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Office of the Attorney General, Capital Complex East, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m. This material is also available on the Office's website, https://ag.ky.gov/Pages/default.aspx.

STEPHEN B. HUMPHRESS, Executive Director
RUSSELL M. COLEMAN, Attorney General

APPROVED BY AGENCY: November 5, 2026
FILED WITH LRC: November 5, 2026 at 4:30 p.m.
PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on January 26, 2026, at 10:00 a.m. Eastern Time at the Office of Administrative Hearings, 105 Sea Hero Road, Suite 2, Conference Room B, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this Attorney General in writing at least five (5) working days prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written

comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 p.m. on January 31, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Stephen B. Humphress, Executive Director, Kentucky Office of Regulatory Relief, Kentucky Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601, phone: 502-696-5408, fax: (502) 573-8317, email: steve.humphress@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person:Stephen B. Humphress, Phone Number: 502-696-5481, Email: steve.humphress@ky.gov

Subject Headings:Attorney General; County Clerks; Occupations and Professions; Bonds; and Fireworks and Explosives

(1) Provide a brief summary of:

(a) What this administrative regulation does:
This administrative regulation establishes the methods whereby transient merchants must file statutorily required surety bonds with the Office of Attorney General ("Attorney General") when applying for a local transient merchant permit from a county clerk.

(b) The necessity of this administrative regulation:
This regulation is necessary because it allows the Attorney General and transient merchants to perform their statutory mandates.

(c) How this administrative regulation conforms to the content of the authorizing statutes:
KRS 15.180 directs the Attorney General to promulgate administrative regulations that will facilitate the performance of duties vested in the Attorney General and the Department of Law. KRS 367.150(4) requires the Department of Law to study the operation of all laws, rules, administrative regulations, orders, and state policies affecting consumers and to recommend administrative regulations in the consumers' interest. KRS 365.680 requires a transient merchant permit applicant to file a surety bond with the Attorney General when the aggregate market value of goods, wares or merchandise to be sold is one thousand five hundred dollars ($1,500) or more.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:
This administrative regulation establishes the methods by which transient merchant permit applicants must file required surety bonds with the Attorney General.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:
Through this amendment, the Attorney General adopts an online surety bond submission process for transient merchants.

(b) The necessity of the amendment to this administrative regulation:
The Attorney General needs to modernize bond submission processes by providing an online process.

(c) How the amendment conforms to the content of the authorizing statutes:
As previously explained, KRS 15.180, 367.150(4), and 365.680 authorize the administrative regulation amendments.

(d) How the amendment will assist in the effective administration of the statutes:
The regulation amendments will provide for a modern online bond submission process and provide quicker processing and notifications to local county clerks.

(3) Does this administrative regulation or amendment implement legislation from the previous five years?No

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

Transient merchants submit approximately one hundred and fifty (150) surety bonds with the Attorney General each year. Transient merchants correspondingly file approximately one hundred and fifty (150) permit applications with local county clerks that correspond to the submitted surety bonds. The Attorney General currently maintains one hundred and forty-eight (140) active surety bonds filed by transient merchants.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:

Transient merchants will be required to use the new online process when submitting surety bonds to the Attorney General. The Attorney General will review the surety bonds after submission for compliance with law and notify local county clerks by electronic mail. Local county clerks will process and approve transient merchant permit applications when notified of bond submission by Attorney General.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):

Transient merchants will bear no costs to comply with this regulation. Transient merchants will be able to use the online bond submission portal on the Attorney General's website at no cost. The Attorney General will have no additional costs to implement this regulation amendment. Local county clerks will have no additional costs by implementation of this regulation.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):

The online process will make it easier for transient merchants to submit required surety bonds to the Attorney General and cause their local permit applications to be processed more quickly by local county clerks. The Attorney General will benefit from saved administrative time and resources, and quicker processing, through the adopted online process. Local county clerks will benefit from faster notice from the Attorney General that required surety bonds have been submitted.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

There are no costs to implement this administrative regulation amendment.

(b) On a continuing basis:

There are no continuing costs to implement this administrative regulation amendment.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:

There are no additional costs associated with implementing this administrative regulation amendment, so no funding is needed.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

There is no anticipated increase in fees or funding necessary to implement this administrative regulation amendment.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This administrative regulation does not directly or indirectly establish or increase any fees.

(10) TIERING: Is tiering applied?

No. This administrative regulation amendment applies equally to all transient merchants.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:

KRS 15.180, KRS 367.150(4), KRS 365.680 authorize the action taken in this administrative regulation.

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:

This administrative regulation amendment was expressly authorized by 1960 Ky. Acts ch. 68, Art. II, sec. 1, effective March 17, 1960; and 1972 Ky. Acts ch. 4, sec. 4.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:

The Office of Attorney General, Kentucky Office of Regulatory Relief ("Attorney General") is the promulgating agency. The regulation does not affect any other state agencies. (b) Estimate the following for each affected state unit, part, or division in (3)(a):

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:

For the first year:The Attorney General will incur no expenditures to administer this administrative regulation amendment for the first year in the first year.

For subsequent years:The Attorney General will incur no expenses to administer this administrative regulation amendment for subsequent years.

2. Revenues:

For the first year:The administrative regulation amendment will generate no revenues to the Attorney General in the first year.

For subsequent years:The administrative regulation amendment will generate no revenues to the Attorney General for subsequent years.

3. Cost Savings:

For the first year:In the first year, the Attorney General will have cost savings from efficient and faster processing of submitted bonds which are difficult to estimate at this time but estimated to be de minimis.

For subsequent years:For subsequent year, the Attorney General will have cost savings from efficient and faster processing of submitted bonds which are difficult to estimate at this time but estimated to be de minimis.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):

The administrative regulation amendment will affect local county clerks.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:

For the first year:This administrative regulation amendment will not cause expenditures by local county clerks for the first year.

For subsequent years:This administrative regulation amendment will not cause expenditures by local county clerks in subsequent years.

2. Revenues:

For the first year:Local county clerks will receive no revenues from this administrative regulation amendment for the first year.

For subsequent years:Local county clerks will receive no revenues from this administrative regulation amendment in subsequent years.

3. Cost Savings:

For the first year:Local county clerks will have cost savings from efficient and faster processing of local transient merchant permit applications in the first year. These cost savings are difficult to estimate at this time, but are estimated to be de minimis.

For subsequent years:Local county clerks will have cost savings from efficient and faster processing of local transient merchant permit applications for subsequent years. These cost savings are difficult to estimate at this time, but are estimated to be de minimis.

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):
Transient merchants will be affected by this administrative regulation will be affected by this administrative regulation.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:

For the first year:This administrative regulation amendment will not cause transient merchants to have any additional expenditures for the first year.

For subsequent years:This administrative regulation amendment will not cause transient merchants to have any additional expenditures for subsequent years.

2. Revenues:

For the first year:Transient merchants will not receive any revenues from this administrative regulation amendment for the first year.

For subsequent years:Transient merchants will not receive any revenues from this administrative regulation amendment for subsequent years.

3. Cost Savings:

For the first year:For the first year, transient merchants will receive cost savings from efficient and faster processing of local transient merchant permit applications by local county clerks and corresponding surety bonds filed with the Attorney General. These cost savings are difficult to estimate at this time, but are estimated to be de minimis.

For subsequent years:For subsequent years, transient merchants will receive cost savings from efficient and faster processing of local transient merchant permit applications by local county clerks and corresponding surety bonds filed with the Attorney General. These cost savings are difficult to estimate at this time, but are estimated to be de minimis.

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)

(a) Fiscal impact of this administrative regulation:

This administrative regulation amendment will have no fiscal impact. The regulation amendment merely creates an online process for transient merchants to submit required surety bonds to the Attorney General. The online bond submission process permits the Attorney General to notify local county clerks of bond submissions more quickly by electronic mail. Accordingly, local county clerks will be able to process transient merchant permit applications more quickly. The regulation does not affect any other governmental agencies or local governments. There are no registration or filing fees established by this regulation amendment. For these reasons, the regulation is not expected to have any significant fiscal impact.

(b) Methodology and resources used to reach this conclusion:

The Attorney General used a quantitative methodology analysis based on history of administrative agencies which license or register businesses in a specific subject area and the resulting facts from this regulation amendment. The Attorney General used staff resources in determining the fiscal impact.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):

There is not an expected "major economic impact" from this regulation amendment for the Attorney General, any local entities, or affected regulated entities.

(b) The methodology and resources used to reach this conclusion:

The Attorney General used a quantitative methodology analysis based on history of administrative agencies which license or register businesses in a specific subject area and resulting facts from this regulation. The Attorney General used staff resources in reaching the conclusion that no overall negative or adverse major economic impact results from this administrative regulation.