

1 AN ACT relating to taxation.

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

3 ➔Section 1. KRS 139.105 is amended to read as follows:

- 4 (1) (a) For purposes of the retailer's obligation to pay or collect and remit the taxes  
5 imposed by KRS 65.7634, 139.200, and 139.310, the retailer shall source  
6 retail sales not addressed in subsections (2), (3), and (4) of this section as  
7 follows:
- 8 1. Over the counter. When the purchaser receives tangible personal  
9 property, digital property, or service at a business location of the retailer,  
10 the sale is sourced to that business location;
  - 11 2. Delivery to a specified address. When a purchaser or purchaser's  
12 ~~donee~~~~[done]~~ receives tangible personal property, digital property, or  
13 service at a location specified by the purchaser, the sale is sourced to  
14 that location; or
  - 15 3. Address unknown. When the retailer of a product does not know the  
16 address where the tangible personal property, digital property, or service  
17 is received, the sale is sourced to the first address listed in this paragraph  
18 that is known to the retailer:
    - 19 a. The address of the purchaser;
    - 20 b. The billing address of the purchaser;
    - 21 c. The address of the purchaser's payment instrument; or
    - 22 d. The address from which the tangible personal property was  
23 shipped; from which the computer software delivered  
24 electronically or the digital property transferred electronically was  
25 first available for transmission by the retailer; or from which the  
26 service was provided, disregarding for these purposes any location  
27 that merely provided the actual digital transfer of the product sold.

1 (b) Nothing included in this subsection shall affect the obligation of a purchaser  
2 to remit use tax pursuant to KRS 139.310.

3 (2) The retailer shall source communications services as follows:

4 (a) A sale of mobile telecommunications services, other than air-ground  
5 radiotelephone service and prepaid wireless calling service, shall be sourced to  
6 the customer's or other purchaser's place of primary use;

7 (b) A sale of postpaid calling service shall be sourced to the origination point of  
8 the telecommunications signal as first identified by either the retailer's  
9 telecommunications system or information received by the retailer from its  
10 service provider, where the system used to transport the signals is not that of  
11 the retailer;

12 (c) A sale of prepaid calling service or a sale of a prepaid wireless calling service  
13 shall be sourced according to the provisions of subsection (1) of this section.  
14 If the sale is of a prepaid wireless calling service and the retailer does not  
15 know the address where the service is received, the sale shall be sourced to the  
16 first of the following that is known by the retailer:

- 17 1. The address of the customer available from the business records of the  
18 retailer;
- 19 2. The billing address of the customer;
- 20 3. The address from which the service was provided; or
- 21 4. The location associated with the mobile telephone number;

22 (d) A sale of a private communications service shall be sourced as follows:

- 23 1. Service for a separate charge related to a customer channel termination  
24 point shall be sourced to each level of jurisdiction in which the customer  
25 channel termination point is located.
- 26 2. Service where all customer termination points are located entirely within  
27 one (1) jurisdiction or levels of jurisdiction is sourced in the jurisdiction

- 1 in which the customer channel termination points are located.
- 2 3. Service for segments of a channel between two (2) customer channel  
3 termination points located in different jurisdictions and which segments  
4 of channel are separately charged shall be sourced fifty percent (50%) in  
5 each level of jurisdiction in which the customer channel termination  
6 points are located.
- 7 4. Service for segments of a channel located in more than one (1)  
8 jurisdiction or levels of jurisdiction and which segments are not  
9 separately billed shall be sourced in each jurisdiction based on the  
10 percentage determined by dividing the number of customer channel  
11 termination points in the jurisdiction by the total number of customer  
12 channel termination points;
- 13 (e) A sale of an ancillary service is sourced to the customer's place of primary  
14 use; and
- 15 (f) A sale of other communications services:
- 16 1. Sold on a call-by-call basis shall be sourced based on the taxing  
17 jurisdiction where the call either originates or terminates and in which  
18 the service address is also located; or
- 19 2. Sold on a basis other than a call-by-call basis shall be sourced to the  
20 customer's or other purchaser's place of primary use.
- 21 (3) Florist wire sales shall be sourced in accordance with an administrative regulation  
22 promulgated by the department.
- 23 (4) Advertising and promotional direct mail and other direct mail shall be sourced as  
24 provided in KRS 139.777.