

1 AN ACT relating to revenue measures and declaring an emergency.

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

3 ➔Section 1. KRS 141.020 is amended to read as follows:

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

8 (2) (a) *As used in this subsection:*

9 *1. "Balance in the BRTF at the end of a fiscal year" means the budget*
10 *reserve trust fund account established in KRS 48.705 and includes the*
11 *following amounts and actions resulting from the final close of the*
12 *fiscal year:*

13 *a. The amount of moneys in the fund at the end of a fiscal year;*

14 *b. All close-out actions related to a budget reduction plan under*
15 *KRS 48.130 or as modified in a branch budget bill; and*

16 *c. All close-out actions related to the surplus expenditure plan*
17 *under KRS 48.140 or as modified in a branch budget bill;*

18 *2. "GF appropriations" means the authorization by the General*
19 *Assembly to expend GF moneys, excluding:*

20 *a. Any appropriation to the budget reserve trust fund; and*

21 *b. Any lump-sum appropriation to a state-administered retirement*
22 *system, as defined in KRS 7A.210, that is in excess of the*
23 *appropriations specifically budgeted to meet the recurring*
24 *statutorily required contributions or recurring actuarially*
25 *determined contributions for a state-administered retirement*
26 *system under KRS 21.525, 61.565, 61.702, 78.635, 78.5536, or*
27 *161.550, as applicable;*

- 1 3. "GF moneys" means receipts deposited in the general fund defined in
2 KRS 48.010, excluding tobacco moneys deposited in the fund
3 established in KRS 248.654;
- 4 4. "IIT equivalent" means the amount of reduction in GF moneys
5 resulting from a one (1) percentage point reduction to the individual
6 income tax rate;
- 7 5. "Reduction conditions" means:
- 8 a. The balance in the BRTF at the end of a fiscal year shall be
9 equal to or greater than ten percent (10%) of the GF moneys for
10 that fiscal year; and
- 11 b. GF moneys at the end of a fiscal year shall be equal to or greater
12 than GF appropriations for that fiscal year plus the IIT
13 equivalent for that fiscal year; and
- 14 6. "Tax rate reduction" means the current tax rate minus five-tenths of
15 one percent (0.5%).
- 16 (b) 1. Beginning no later than September 1, 2022, the department, with
17 assistance from the Office of State Budget Director, shall review the
18 reduction conditions as they apply to fiscal year 2020-2021 and make
19 a determination if the reduction conditions have been met.
- 20 2. After reviewing the reduction conditions under subparagraph 1. of
21 this paragraph, the department shall:
- 22 a. No later than September 5, 2022, report to the Interim Joint
23 Committee on Appropriations and Revenue:
- 24 i. Whether a tax rate reduction will occur for the taxable year
25 beginning on January 1, 2023; and
- 26 ii. The amounts associated with each item within the
27 reduction conditions used for making that determination;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

and

- b. i. Implement the tax rate reduction for the taxable year beginning on January 1, 2023, if the reduction conditions are met; or
- ii. Maintain the current tax rate, if the reduction conditions are not met.

(c) 1. The department shall implement an annual process to review and report future reduction conditions at the same time and in the same manner as under paragraph (b) of this subsection, except that the department shall use the next succeeding year related to the dates for review and reporting and the next succeeding fiscal year data to evaluate the reduction conditions.

2. Notwithstanding subparagraph 1. of this paragraph, the department shall not implement an income tax rate reduction without a future action by the General Assembly.

(d) For taxable years beginning on or after January 1, 2018, but before January 1, 2023, the tax shall be five percent (5%) of net income.

(e)~~(b)~~ For taxable years beginning after December 31, 2004, and before January 1, 2018, the tax shall be determined by applying the following rates to net income:

1. Two percent (2%) of the amount of net income up to three thousand dollars (\$3,000);
2. Three percent (3%) of the amount of net income over three thousand dollars (\$3,000) and up to four thousand dollars (\$4,000);
3. Four percent (4%) of the amount of net income over four thousand dollars (\$4,000) and up to five thousand dollars (\$5,000);
4. Five percent (5%) of the amount of net income over five thousand

1 dollars (\$5,000) and up to eight thousand dollars (\$8,000);

2 5. Five and eight-tenths percent (5.8%) of the amount of net income over
3 eight thousand dollars (\$8,000) and up to seventy-five thousand dollars
4 (\$75,000); and

5 6. Six percent (6%) of the amount of net income over seventy-five
6 thousand dollars (\$75,000).

7 (3) (a) The following tax credits, when applicable, shall be deducted from the result
8 obtained under subsection (2) of this section to arrive at the annual tax:

9 1. a. For taxable years beginning before January 1, 2014, twenty dollars
10 (\$20) for an unmarried individual; and

11 b. For taxable years beginning on or after January 1, 2014, and before
12 January 1, 2018, ten dollars (\$10) for an unmarried individual;

13 2. a. For taxable years beginning before January 1, 2014, twenty dollars
14 (\$20) for a married individual filing a separate return and an
15 additional twenty dollars (\$20) for the spouse of taxpayer if a
16 separate return is made by the taxpayer and if the spouse, for the
17 calendar year in which the taxable year of the taxpayer begins, had
18 no Kentucky gross income and is not the dependent of another
19 taxpayer; or forty dollars (\$40) for married persons filing a joint
20 return, provided neither spouse is the dependent of another
21 taxpayer. The determination of marital status for the purpose of
22 this section shall be made in the manner prescribed in Section 153
23 of the Internal Revenue Code; and

24 b. For taxable years beginning on or after January 1, 2014, and before
25 January 1, 2018, ten dollars (\$10) for a married individual filing a
26 separate return and an additional ten dollars (\$10) for the spouse of
27 a taxpayer if a separate return is made by the taxpayer and if the

- 1 spouse, for the calendar year in which the taxable year of the
2 taxpayer begins, had no Kentucky gross income and is not the
3 dependent of another taxpayer; or twenty dollars (\$20) for married
4 persons filing a joint return, provided neither spouse is the
5 dependent of another taxpayer. The determination of marital status
6 for the purpose of this section shall be made in the manner
7 prescribed in Section 153 of the Internal Revenue Code;
- 8 3. a. For taxable years beginning before January 1, 2014, twenty dollars
9 (\$20) credit for each dependent. No credit shall be allowed for any
10 dependent who has made a joint return with his or her spouse; and
11 b. For taxable years beginning on or after January 1, 2014, and before
12 January 1, 2018, ten dollars (\$10) credit for each dependent. No
13 credit shall be allowed for any dependent who has made a joint
14 return with his or her spouse;
- 15 4. An additional forty dollars (\$40) credit if the taxpayer has attained the
16 age of sixty-five (65) before the close of the taxable year;
- 17 5. An additional forty dollars (\$40) credit for taxpayer's spouse if a
18 separate return is made by the taxpayer and if the taxpayer's spouse has
19 attained the age of sixty-five (65) before the close of the taxable year,
20 and, for the calendar year in which the taxable year of the taxpayer
21 begins, has no Kentucky gross income and is not the dependent of
22 another taxpayer;
- 23 6. An additional forty dollars (\$40) credit if the taxpayer is blind at the
24 close of the taxable year;
- 25 7. An additional forty dollars (\$40) credit for taxpayer's spouse if a
26 separate return is made by the taxpayer and if the taxpayer's spouse is
27 blind, and, for the calendar year in which the taxable year of the taxpayer

1 begins, has no Kentucky gross income and is not the dependent of
2 another taxpayer; and

3 ~~8. In the case of a fiduciary, other than an estate, the allowable tax credit~~
4 ~~shall be two dollars (\$2);~~

5 ~~9. In the case of an estate, the allowable tax credit shall be ten dollars~~
6 ~~(\$10); and~~

7 ~~10. An additional twenty dollars (\$20) credit shall be allowed if the taxpayer~~
8 ~~is a member of the Kentucky National Guard at the close of the taxable~~
9 ~~year.~~

10 (b) In the case of nonresidents, the tax credits allowable under this subsection
11 shall be the portion of the credits that are represented by the ratio of the
12 taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to
13 the taxpayer's adjusted gross income as defined in Section 62 of the Internal
14 Revenue Code. However, in the case of a married nonresident taxpayer with
15 income from Kentucky sources, whose spouse has no income from Kentucky
16 sources, the taxpayer shall determine allowable tax credit(s) by either:

17 1. The method contained above applied to the taxpayer's tax credit(s),
18 excluding credits for a spouse and dependents; or

19 2. Prorating the taxpayer's tax credit(s) plus the tax credits for the
20 taxpayer's spouse and dependents by the ratio of the taxpayer's Kentucky
21 adjusted gross income as determined by KRS 141.019 to the total joint
22 federal adjusted gross income of the taxpayer and the taxpayer's spouse.

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

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

16 (5) Subject to the provisions of KRS 141.081, any individual may elect to pay the
17 annual tax imposed by KRS 141.023 in lieu of the tax levied under this section.

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

22 ➔Section 2. KRS 139.010 is amended to read as follows:

23 As used in this chapter, unless the context otherwise provides:

24 (1) (a) "Admissions" means the fees paid for:

25 1. The right of entrance to a display, program, sporting event, music
26 concert, performance, play, show, movie, exhibit, fair, or other
27 entertainment or amusement event or venue; and

- 1 2. The privilege of using facilities or participating in an event or activity,
2 including but not limited to:
- 3 a. Bowling centers;
 - 4 b. Skating rinks;
 - 5 c. Health spas;
 - 6 d. Swimming pools;
 - 7 e. Tennis courts;
 - 8 f. Weight training facilities;
 - 9 g. Fitness and recreational sports centers; and
 - 10 h. Golf courses, both public and private;
- 11 regardless of whether the fee paid is per use or in any other form,
12 including but not limited to an initiation fee, monthly fee, membership
13 fee, or combination thereof.
- 14 (b) "Admissions" does not include :
- 15 1. any fee paid to enter or participate in a fishing tournament; or
 - 16 2. Any fee paid for the use of a boat ramp for the purpose of allowing boats
17 to be launched into or hauled out from the water};
- 18 (2) "Advertising and promotional direct mail" means direct mail the primary purpose of
19 which is to attract public attention to a product, person, business, or organization, or
20 to attempt to sell, popularize, or secure financial support for a product, person,
21 business, or organization. As used in this definition, "product" means tangible
22 personal property, an item transferred electronically, or a service;
- 23 (3) "Business" includes any activity engaged in by any person or caused to be engaged
24 in by that person with the object of gain, benefit, or advantage, either direct or
25 indirect;
- 26 (4) "Commonwealth" means the Commonwealth of Kentucky;
- 27 **(5) (a) "Cosmetic surgery services" means modifications to all areas of the head,**

1 *neck and body to enhance appearance through surgical and medical*
2 *techniques.*

3 *(b) "Cosmetic surgery services" does not include reconstruction of facial and*
4 *body defects due to birth disorders, trauma, burns, or disease;*

5 ~~(6)~~~~(5)~~ "Department" means the Department of Revenue;

6 ~~(7)~~~~(6)~~ (a) "Digital audio-visual works" means a series of related images which,
7 when shown in succession, impart an impression of motion, with
8 accompanying sounds, if any.

9 (b) "Digital audio-visual works" includes movies, motion pictures, musical
10 videos, news and entertainment programs, and live events.

11 (c) "Digital audio-visual works" shall not include video greeting cards, video
12 games, and electronic games;

13 ~~(8)~~~~(7)~~ (a) "Digital audio works" means works that result from the fixation of a
14 series of musical, spoken, or other sounds.

15 (b) "Digital audio works" includes ringtones, recorded or live songs, music,
16 readings of books or other written materials, speeches, or other sound
17 recordings.

18 (c) "Digital audio works" shall not include audio greeting cards sent by electronic
19 mail;

20 ~~(9)~~~~(8)~~ (a) "Digital books" means works that are generally recognized in the
21 ordinary and usual sense as books, including any literary work expressed in
22 words, numbers, or other verbal or numerical symbols or indicia if the literary
23 work is generally recognized in the ordinary or usual sense as a book.

24 (b) "Digital books" shall not include digital audio-visual works, digital audio
25 works, periodicals, magazines, newspapers, or other news or information
26 products, chat rooms, or Web logs;

27 ~~(10)~~~~(9)~~ (a) "Digital code" means a code which provides a purchaser with a right to

1 obtain one (1) or more types of digital property. A "digital code" may be
2 obtained by any means, including electronic mail messaging or by tangible
3 means, regardless of the code's designation as a song code, video code, or
4 book code.

5 (b) "Digital code" shall not include a code that represents:

- 6 1. A stored monetary value that is deducted from a total as it is used by the
7 purchaser; or
- 8 2. A redeemable card, gift card, or gift certificate that entitles the holder to
9 select specific types of digital property;

10 ~~(11)~~~~(10)~~ (a) "Digital property" means any of the following which is transferred
11 electronically:

- 12 1. Digital audio works;
- 13 2. Digital books;
- 14 3. Finished artwork;
- 15 4. Digital photographs;
- 16 5. Periodicals;
- 17 6. Newspapers;
- 18 7. Magazines;
- 19 8. Video greeting cards;
- 20 9. Audio greeting cards;
- 21 10. Video games;
- 22 11. Electronic games; or
- 23 12. Any digital code related to this property.

24 (b) "Digital property" shall not include digital audio-visual works or satellite
25 radio programming;

26 ~~(12)~~~~(11)~~ (a) "Direct mail" means printed material delivered or distributed by United
27 States mail or other delivery service to a mass audience or to addressees on a

1 mailing list provided by the purchaser or at the direction of the purchaser
2 when the cost of the items are not billed directly to the recipient.

3 (b) "Direct mail" includes tangible personal property supplied directly or
4 indirectly by the purchaser to the direct mail retailer for inclusion in the
5 package containing the printed material.

6 (c) "Direct mail" does not include multiple items of printed material delivered to
7 a single address;

8 ~~(13)~~~~(12)~~ "Directly used in the manufacturing or industrial processing process" means
9 the process that commences with the movement of raw materials from storage into a
10 continuous, unbroken, integrated process and ends when the finished product is
11 packaged and ready for sale;

12 ~~(14)~~~~(13)~~ (a) "Extended warranty services" means services provided through a service
13 contract agreement between the contract provider and the purchaser where the
14 purchaser agrees to pay compensation for the contract and the provider agrees
15 to repair, replace, support, or maintain tangible personal property, ~~or~~ digital
16 property, **or real property** according to the terms of the contract ~~if:~~

17 ~~1. The service contract agreement is sold or purchased on or after July 1,~~
18 ~~2018; and~~

19 ~~2. the tangible personal property or digital property for which the service~~
20 ~~contract agreement is provided is subject to tax under this chapter or~~
21 ~~under KRS 138.460}.~~

22 (b) "Extended warranty services" does not include the sale of a service contract
23 agreement for tangible personal property to be used by a small telephone
24 utility as defined in KRS 278.516 or a Tier III CMRS provider as defined in
25 KRS 65.7621 to deliver communications services as defined in KRS 136.602
26 or broadband as defined in KRS 278.5461;

27 ~~(15)~~~~(14)~~ (a) "Finished artwork" means final art that is used for actual reproduction by

1 photomechanical or other processes or for display purposes.

2 (b) "Finished artwork" includes:

- 3 1. Assemblies;
- 4 2. Charts;
- 5 3. Designs;
- 6 4. Drawings;
- 7 5. Graphs;
- 8 6. Illustrative materials;
- 9 7. Lettering;
- 10 8. Mechanicals;
- 11 9. Paintings; and
- 12 10. Paste-ups;

13 ~~(16)~~⁽¹⁵⁾ (a) "Gross receipts" and "sales price" mean the total amount or
14 consideration, including cash, credit, property, and services, for which
15 tangible personal property, digital property, or services are sold, leased, or
16 rented, valued in money, whether received in money or otherwise, without any
17 deduction for any of the following:

- 18 1. The retailer's cost of the tangible personal property, digital property, or
19 services sold;
- 20 2. The cost of the materials used, labor or service cost, interest, losses, all
21 costs of transportation to the retailer, all taxes imposed on the retailer, or
22 any other expense of the retailer;
- 23 3. Charges by the retailer for any services necessary to complete the sale;
- 24 4. Delivery charges, which are defined as charges by the retailer for the
25 preparation and delivery to a location designated by the purchaser
26 including transportation, shipping, postage, handling, crating, and
27 packing;

- 1 5. Any amount for which credit is given to the purchaser by the retailer,
2 other than credit for tangible personal property or digital property traded
3 when the tangible personal property or digital property traded is of like
4 kind and character to the property purchased and the property traded is
5 held by the retailer for resale; and
- 6 6. The amount charged for labor or services rendered in installing or
7 applying the tangible personal property, digital property, or service sold.
- 8 (b) "Gross receipts" and "sales price" shall include consideration received by the
9 retailer from a third party if:
 - 10 1. The retailer actually receives consideration from a third party and the
11 consideration is directly related to a price reduction or discount on the
12 sale to the purchaser;
 - 13 2. The retailer has an obligation to pass the price reduction or discount
14 through to the purchaser;
 - 15 3. The amount of consideration attributable to the sale is fixed and
16 determinable by the retailer at the time of the sale of the item to the
17 purchaser; and
 - 18 4. One (1) of the following criteria is met:
 - 19 a. The purchaser presents a coupon, certificate, or other
20 documentation to the retailer to claim a price reduction or discount
21 where the coupon, certificate, or documentation is authorized,
22 distributed, or granted by a third party with the understanding that
23 the third party will reimburse any seller to whom the coupon,
24 certificate, or documentation is presented;
 - 25 b. The price reduction or discount is identified as a third-party price
26 reduction or discount on the invoice received by the purchaser or
27 on a coupon, certificate, or other documentation presented by the

1 purchaser; or

2 c. The purchaser identifies himself or herself to the retailer as a
3 member of a group or organization entitled to a price reduction or
4 discount. A "preferred customer" card that is available to any
5 patron does not constitute membership in such a group.

6 (c) "Gross receipts" and "sales price" shall not include:

- 7 1. Discounts, including cash, term, or coupons that are not reimbursed by a
8 third party and that are allowed by a retailer and taken by a purchaser on
9 a sale;
- 10 2. Interest, financing, and carrying charges from credit extended on the sale
11 of tangible personal property, digital property, or services, if the amount
12 is separately stated on the invoice, bill of sale, or similar document given
13 to the purchaser;
- 14 3. Any taxes legally imposed directly on the purchaser that are separately
15 stated on the invoice, bill of sale, or similar document given to the
16 purchaser; or
- 17 4. Local alcohol regulatory license fees authorized under KRS 243.075 that
18 are separately stated on the invoice, bill of sale, or similar document
19 given to the purchaser.

20 (d) As used in this subsection, "third party" means a person other than the
21 purchaser;

22 ~~(17)~~~~(16)~~ "In this state" or "in the state" means within the exterior limits of the
23 Commonwealth and includes all territory within these limits owned by or ceded to
24 the United States of America;

25 ~~(18)~~~~(17)~~ "Industrial processing" includes:

26 (a) Refining;

27 (b) Extraction of minerals, ores, coal, clay, stone, petroleum, or natural gas;

- 1 (c) Mining, quarrying, fabricating, and industrial assembling;
- 2 (d) The processing and packaging of raw materials, in-process materials, and
3 finished products; and
- 4 (e) The processing and packaging of farm and dairy products for sale;
- 5 ~~(19)~~~~(18)~~ (a) "Lease or rental" means any transfer of possession or control of tangible
6 personal property for a fixed or indeterminate term for consideration. A lease
7 or rental shall include future options to:
- 8 1. Purchase the property; or
- 9 2. Extend the terms of the agreement and agreements covering trailers
10 where the amount of consideration may be increased or decreased by
11 reference to the amount realized upon sale or disposition of the property
12 as defined in 26 U.S.C. sec. 7701(h)(1).
- 13 (b) "Lease or rental" shall not include:
- 14 1. A transfer of possession or control of property under a security
15 agreement or deferred payment plan that requires the transfer of title
16 upon completion of the required payments;
- 17 2. A transfer of possession or control of property under an agreement that
18 requires the transfer of title upon completion of the required payments
19 and payment of an option price that does not exceed the greater of one
20 hundred dollars (\$100) or one percent (1%) of the total required
21 payments; or
- 22 3. Providing tangible personal property and an operator for the tangible
23 personal property for a fixed or indeterminate period of time. To qualify
24 for this exclusion, the operator must be necessary for the equipment to
25 perform as designed, and the operator must do more than maintain,
26 inspect, or setup the tangible personal property.
- 27 (c) This definition shall apply regardless of the classification of a transaction

1 under generally accepted accounting principles, the Internal Revenue Code, or
2 other provisions of federal, state, or local law;

3 ~~(20)~~~~(19)~~ (a) "Machinery for new and expanded industry" means machinery:

4 1. Directly used in the manufacturing or industrial processing process of:

5 a. Tangible personal property at a plant facility;

6 b. Distilled spirits or wine at a plant facility or on the premises of a
7 distiller, rectifier, winery, or small farm winery licensed under
8 KRS 243.030 that includes a retail establishment on the premises;

9 or

10 c. Malt beverages at a plant facility or on the premises of a brewer or
11 microbrewery licensed under KRS 243.040 that includes a retail
12 establishment;

13 2. Which is incorporated for the first time into:

14 a. A plant facility established in this state; or

15 b. Licensed premises located in this state; and

16 3. Which does not replace machinery in the plant facility or licensed
17 premises unless that machinery purchased to replace existing machinery:

18 a. Increases the consumption of recycled materials at the plant
19 facility by not less than ten percent (10%);

20 b. Performs different functions;

21 c. Is used to manufacture a different product; or

22 d. Has a greater productive capacity, as measured in units of
23 production, than the machinery being replaced.

24 (b) "Machinery for new and expanded industry" does not include repair,
25 replacement, or spare parts of any kind, regardless of whether the purchase of
26 repair, replacement, or spare parts is required by the manufacturer or seller as
27 a condition of sale or as a condition of warranty;

1 ~~(21)~~~~(20)~~ "Manufacturing" means any process through which material having little or no
2 commercial value for its intended use before processing has appreciable commercial
3 value for its intended use after processing by the machinery;

4 **(22) "Marketing services" means developing marketing objectives and policies, sales**
5 **forecasting, new product developing and pricing, licensing, and franchise**
6 **planning;**

7 ~~(23)~~~~(21)~~ "Marketplace" means any physical or electronic means through which one (1)
8 or more retailers may advertise and sell tangible personal property, digital property,
9 or services, or lease tangible personal property or digital property, such as a catalog,
10 Internet Web site, or television or radio broadcast, regardless of whether the
11 tangible personal property, digital property, or retailer is physically present in this
12 state;

13 ~~(24)~~~~(22)~~ (a) "Marketplace provider" means a person, including any affiliate of the
14 person, that facilitates a retail sale by satisfying subparagraphs 1. and 2. of this
15 paragraph as follows:

- 16 1. The person directly or indirectly:
 - 17 a. Lists, makes available, or advertises tangible personal property,
18 digital property, or services for sale by a marketplace retailer in a
19 marketplace owned, operated, or controlled by the person;
 - 20 b. Facilitates the sale of a marketplace retailer's product through a
21 marketplace by transmitting or otherwise communicating an offer
22 or acceptance of a retail sale of tangible personal property, digital
23 property, or services between a marketplace retailer and a
24 purchaser in a forum including a shop, store, booth, catalog,
25 Internet site, or similar forum;
 - 26 c. Owns, rents, licenses, makes available, or operates any electronic
27 or physical infrastructure or any property, process, method,

- 1 copyright, trademark, or patent that connects marketplace retailers
2 to purchasers for the purpose of making retail sales of tangible
3 personal property, digital property, or services;
- 4 d. Provides a marketplace for making retail sales of tangible personal
5 property, digital property, or services, or otherwise facilitates retail
6 sales of tangible personal property, digital property, or services,
7 regardless of ownership or control of the tangible personal
8 property, digital property, or services, that are the subject of the
9 retail sale;
- 10 e. Provides software development or research and development
11 activities related to any activity described in this subparagraph, if
12 the software development or research and development activities
13 are directly related to the physical or electronic marketplace
14 provided by a marketplace provider;
- 15 f. Provides or offers fulfillment or storage services for a marketplace
16 retailer;
- 17 g. Sets prices for a marketplace retailer's sale of tangible personal
18 property, digital property, or services;
- 19 h. Provides or offers customer service to a marketplace retailer or a
20 marketplace retailer's customers, or accepts or assists with taking
21 orders, returns, or exchanges of tangible personal property, digital
22 property, or services sold by a marketplace retailer; or
- 23 i. Brands or otherwise identifies sales as those of the marketplace
24 provider; and
- 25 2. The person directly or indirectly:
- 26 a. Collects the sales price or purchase price of a retail sale of tangible
27 personal property, digital property, or services;

- 1 b. Provides payment processing services for a retail sale of tangible
2 personal property, digital property, or services;
- 3 c. Through terms and conditions, agreements, or arrangements with a
4 third party, collects payment in connection with a retail sale of
5 tangible personal property, digital property, or services from a
6 purchaser and transmits that payment to the marketplace retailer,
7 regardless of whether the person collecting and transmitting the
8 payment receives compensation or other consideration in exchange
9 for the service; or
- 10 d. Provides a virtual currency that purchasers are allowed or required
11 to use to purchase tangible personal property, digital property, or
12 services.

13 (b) "Marketplace provider" includes but is not limited to a person that satisfies the
14 requirements of this subsection through the ownership, operation, or control
15 of a digital distribution service, digital distribution platform, online portal, or
16 application store;

17 ~~(25)~~~~(23)~~ "Marketplace retailer" means a seller that makes retail sales through any
18 marketplace owned, operated, or controlled by a marketplace provider;

19 ~~(26)~~~~(24)~~ (a) "Occasional sale" includes:

- 20 1. A sale of tangible personal property or digital property not held or used
21 by a seller in the course of an activity for which he or she is required to
22 hold a seller's permit, provided such sale is not one (1) of a series of
23 sales sufficient in number, scope, and character to constitute an activity
24 requiring the holding of a seller's permit. In the case of the sale of the
25 entire, or a substantial portion of the nonretail assets of the seller, the
26 number of previous sales of similar assets shall be disregarded in
27 determining whether or not the current sale or sales shall qualify as an

1 occasional sale; or

2 2. Any transfer of all or substantially all the tangible personal property or
3 digital property held or used by a person in the course of such an activity
4 when after such transfer the real or ultimate ownership of such property
5 is substantially similar to that which existed before such transfer.

6 (b) For the purposes of this subsection, stockholders, bondholders, partners, or
7 other persons holding an interest in a corporation or other entity are regarded
8 as having the "real or ultimate ownership" of the tangible personal property or
9 digital property of such corporation or other entity;

10 ~~(27)~~~~(25)~~ (a) "Other direct mail" means any direct mail that is not advertising and
11 promotional direct mail, regardless of whether advertising and promotional
12 direct mail is included in the same mailing.

13 (b) "Other direct mail" includes but is not limited to:

14 1. Transactional direct mail that contains personal information specific to
15 the addressee, including but not limited to invoices, bills, statements of
16 account, and payroll advices;

17 2. Any legally required mailings, including but not limited to privacy
18 notices, tax reports, and stockholder reports; and

19 3. Other nonpromotional direct mail delivered to existing or former
20 shareholders, customers, employees, or agents, including but not limited
21 to newsletters and informational pieces.

22 (c) "Other direct mail" does not include the development of billing information or
23 the provision of any data processing service that is more than incidental to the
24 production of printed material;

25 ~~(28)~~~~(26)~~ "Person" includes any individual, firm, copartnership, joint venture,
26 association, social club, fraternal organization, corporation, estate, trust, business
27 trust, receiver, trustee, syndicate, cooperative, assignee, governmental unit or

1 agency, or any other group or combination acting as a unit;

2 ~~(29)~~~~(27)~~ "Permanent," as the term applies to digital property, means perpetual or for an
3 indefinite or unspecified length of time;

4 **(30) (a) "Photography and photofinishing services" means:**

- 5 **1. The taking, developing, or printing of an original photograph, or**
6 **2. Image editing including shadow removal, tone adjustments, vertical**
7 **and horizontal alignment and cropping, composite image creation,**
8 **formatting, watermarking printing, and delivery of an original**
9 **photograph in the form of tangible personal property, digital property,**
10 **or other media.**

11 **(b) "Photography and photofinishing services" does not include photography**
12 **services necessary for medical or dental health;**

13 ~~(31)~~~~(28)~~ "Plant facility" means a single location that is exclusively dedicated to
14 manufacturing or industrial processing activities. A location shall be deemed to be
15 exclusively dedicated to manufacturing or industrial processing activities even if
16 retail sales are made there, provided that the retail sales are incidental to the
17 manufacturing or industrial processing activities occurring at the location. The term
18 "plant facility" shall not include any restaurant, grocery store, shopping center, or
19 other retail establishment;

20 ~~(32)~~~~(29)~~ (a) "Prewritten computer software" means:

- 21 1. Computer software, including prewritten upgrades, that are not designed
22 and developed by the author or other creator to the specifications of a
23 specific purchaser;
- 24 2. Software designed and developed by the author or other creator to the
25 specifications of a specific purchaser when it is sold to a person other
26 than the original purchaser; or
- 27 3. Any portion of prewritten computer software that is modified or

1 enhanced in any manner, where the modification or enhancement is
2 designed and developed to the specifications of a specific purchaser,
3 unless there is a reasonable, separately stated charge on an invoice or
4 other statement of the price to the purchaser for the modification or
5 enhancement.

6 (b) When a person modifies or enhances computer software of which the person
7 is not the author or creator, the person shall be deemed to be the author or
8 creator only of the modifications or enhancements the person actually made.

9 (c) The combining of two (2) or more prewritten computer software programs or
10 portions thereof does not cause the combination to be other than prewritten
11 computer software;

12 **(33) "Prewritten computer software access services" means the right of access to**
13 **prewritten computer software where the object of the transaction is to use the**
14 **prewritten computer software while possession of the prewritten computer**
15 **software is maintained by the seller or a third party, wherever located, regardless**
16 **of whether the charge for the access or use is on a per use, per user, per license,**
17 **subscription, or some other basis;**

18 **(34)**~~(30)~~ (a) "Purchase" means any transfer of title or possession, exchange, barter,
19 lease, or rental, conditional or otherwise, in any manner or by any means
20 whatsoever, of:

- 21 1. Tangible personal property;
 - 22 2. An extended warranty service;
 - 23 3. Digital property transferred electronically; or
 - 24 4. Services included in KRS 139.200;
- 25 for a consideration.

26 (b) "Purchase" includes:

- 27 1. When performed outside this state or when the customer gives a resale

- 1 certificate, the producing, fabricating, processing, printing, or imprinting
2 of tangible personal property for a consideration for consumers who
3 furnish either directly or indirectly the materials used in the producing,
4 fabricating, processing, printing, or imprinting;
- 5 2. A transaction whereby the possession of tangible personal property or
6 digital property is transferred but the seller retains the title as security for
7 the payment of the price; and
- 8 3. A transfer for a consideration of the title or possession of tangible
9 personal property or digital property which has been produced,
10 fabricated, or printed to the special order of the customer, or of any
11 publication;
- 12 ~~(35)~~~~(31)~~ "Recycled materials" means materials which have been recovered or diverted
13 from the solid waste stream and reused or returned to use in the form of raw
14 materials or products;
- 15 ~~(36)~~~~(32)~~ "Recycling purposes" means those activities undertaken in which materials
16 that would otherwise become solid waste are collected, separated, or processed in
17 order to be reused or returned to use in the form of raw materials or products;
- 18 ~~(37)~~~~(33)~~ "Remote retailer" means a retailer with no physical presence in this state;
- 19 ~~(38)~~~~(34)~~ (a) "Repair, replacement, or spare parts" means any tangible personal
20 property used to maintain, restore, mend, or repair machinery or equipment.
- 21 (b) "Repair, replacement, or spare parts" does not include machine oils, grease, or
22 industrial tools;
- 23 ~~(39)~~~~(35)~~ (a) "Retailer" means:
- 24 1. Every person engaged in the business of making retail sales of tangible
25 personal property, digital property, or furnishing any services in a retail
26 sale included in KRS 139.200;
- 27 2. Every person engaged in the business of making sales at auction of

- 1 tangible personal property or digital property owned by the person or
2 others for storage, use or other consumption, except as provided in
3 paragraph (c) of this subsection;
- 4 3. Every person making more than two (2) retail sales of tangible personal
5 property, digital property, or services included in KRS 139.200 during
6 any twelve (12) month period, including sales made in the capacity of
7 assignee for the benefit of creditors, or receiver or trustee in bankruptcy;
- 8 4. Any person conducting a race meeting under the provision of KRS
9 Chapter 230, with respect to horses which are claimed during the
10 meeting.
- 11 (b) When the department determines that it is necessary for the efficient
12 administration of this chapter to regard any salesmen, representatives,
13 peddlers, or canvassers as the agents of the dealers, distributors, supervisors or
14 employers under whom they operate or from whom they obtain the tangible
15 personal property, digital property, or services sold by them, irrespective of
16 whether they are making sales on their own behalf or on behalf of the dealers,
17 distributors, supervisors or employers, the department may so regard them and
18 may regard the dealers, distributors, supervisors or employers as retailers for
19 purposes of this chapter.
- 20 (c) 1. Any person making sales at a charitable auction for a qualifying entity
21 shall not be a retailer for purposes of the sales made at the charitable
22 auction if:
- 23 a. The qualifying entity, not the person making sales at the auction, is
24 sponsoring the auction;
- 25 b. The purchaser of tangible personal property at the auction directly
26 pays the qualifying entity sponsoring the auction for the property
27 and not the person making the sales at the auction; and

- 1 c. The qualifying entity, not the person making sales at the auction, is
2 responsible for the collection, control, and disbursement of the
3 auction proceeds.
- 4 2. If the conditions set forth in subparagraph 1. of this paragraph are met,
5 the qualifying entity sponsoring the auction shall be the retailer for
6 purposes of the sales made at the charitable auction.
- 7 3. For purposes of this paragraph, "qualifying entity" means a resident:
- 8 a. Church;
- 9 b. School;
- 10 c. Civic club; or
- 11 d. Any other nonprofit charitable, religious, or educational
12 organization;
- 13 ~~(40)~~~~(36)~~ "Retail sale" means any sale, lease, or rental for any purpose other than resale,
14 sublease, or subrent;
- 15 ~~(41)~~~~(37)~~ (a) "Ringtones" means digitized sound files that are downloaded onto a
16 device and that may be used to alert the customer with respect to a
17 communication.
- 18 (b) "Ringtones" shall not include ringback tones or other digital files that are not
19 stored on the purchaser's communications device;
- 20 ~~(42)~~~~(38)~~ (a) "Sale" means:
- 21 1. The furnishing of any services included in KRS 139.200;
- 22 2. Any transfer of title or possession, exchange, barter, lease, or rental,
23 conditional or otherwise, in any manner or by any means whatsoever, of:
- 24 a. Tangible personal property; or
- 25 b. Digital property transferred electronically;
- 26 for a consideration.
- 27 (b) "Sale" includes but is not limited to:

- 1 1. The producing, fabricating, processing, printing, or imprinting of
- 2 tangible personal property or digital property for a consideration for
- 3 purchasers who furnish, either directly or indirectly, the materials used
- 4 in the producing, fabricating, processing, printing, or imprinting;
- 5 2. A transaction whereby the possession of tangible personal property or
- 6 digital property is transferred, but the seller retains the title as security
- 7 for the payment of the price; and
- 8 3. A transfer for a consideration of the title or possession of tangible
- 9 personal property or digital property which has been produced,
- 10 fabricated, or printed to the special order of the purchaser.
- 11 (c) This definition shall apply regardless of the classification of a transaction
- 12 under generally accepted accounting principles, the Internal Revenue Code, or
- 13 other provisions of federal, state, or local law;
- 14 ~~(43)~~~~(39)~~ "Seller" includes every person engaged in the business of selling tangible
- 15 personal property, digital property, or services of a kind, the gross receipts from the
- 16 retail sale of which are required to be included in the measure of the sales tax, and
- 17 every person engaged in making sales for resale;
- 18 ~~(44)~~~~(40)~~ (a) "Storage" includes any keeping or retention in this state for any purpose
- 19 except sale in the regular course of business or subsequent use solely outside
- 20 this state of tangible personal property or digital property purchased from a
- 21 retailer.
- 22 (b) "Storage" does not include the keeping, retaining, or exercising any right or
- 23 power over tangible personal property for the purpose of subsequently
- 24 transporting it outside the state for use thereafter solely outside the state, or for
- 25 the purpose of being processed, fabricated, or manufactured into, attached to,
- 26 or incorporated into, other tangible personal property to be transported outside
- 27 the state and thereafter used solely outside the state;

1 ~~(45)~~~~(41)~~ "Tangible personal property" means personal property which may be seen,
 2 weighed, measured, felt, or touched, or which is in any other manner perceptible to
 3 the senses and includes natural, artificial, and mixed gas, electricity, water, steam,
 4 and prewritten computer software;

5 ~~(46)~~~~(42)~~ "Taxpayer" means any person liable for tax under this chapter;

6 **(47) "Telemarketing services" means services provided via telephone, facsimile,**
 7 **electronic mail, or other modes of communications to another person, which are**
 8 **unsolicited by that person, for the purposes of:**

9 **(a) 1. Promoting products or services;**

10 **2. Taking orders; or**

11 **3. Providing information or assistance regarding the products or**
 12 **services; or**

13 **(b) Soliciting contributions;**

14 ~~(48)~~~~(43)~~ "Transferred electronically" means accessed or obtained by the purchaser by
 15 means other than tangible storage media; and

16 ~~(49)~~~~(44)~~ (a) "Use" includes the exercise of:

17 1. Any right or power over tangible personal property or digital property
 18 incident to the ownership of that property, or by any transaction in which
 19 possession is given, or by any transaction involving digital property **or**
 20 **tangible personal property** where the right of access is granted; or

21 2. Any right or power to benefit **any services subject to tax under**
 22 **subsection (2)(p) to (av) of Section 3 of this Act**~~from extended~~
 23 ~~warranty services~~.

24 (b) "Use" does not include the keeping, retaining, or exercising any right or power
 25 over tangible personal property or digital property for the purpose of:

26 1. Selling tangible personal property or digital property in the regular
 27 course of business; or

- 1 2. Subsequently transporting tangible personal property outside the state
2 for use thereafter solely outside the state, or for the purpose of being
3 processed, fabricated, or manufactured into, attached to, or incorporated
4 into, other tangible personal property to be transported outside the state
5 and thereafter used solely outside the state.

6 ➔Section 3. KRS 139.200 is amended to read as follows:

7 A tax is hereby imposed upon all retailers at the rate of six percent (6%) of the gross
8 receipts derived from:

9 (1) Retail sales of:

10 (a) Tangible personal property, regardless of the method of delivery, made within
11 this Commonwealth; and

12 (b) Digital property regardless of whether:

- 13 1. The purchaser has the right to permanently use the property;
14 2. The purchaser's right to access or retain the property is not permanent; or
15 3. The purchaser's right of use is conditioned upon continued payment; and

16 (2) The furnishing of the following services~~[following]~~:

17 (a) The rental of any room or rooms, lodgings, campsites, or accommodations
18 furnished by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds,
19 recreational vehicle parks, or any other place in which rooms, lodgings,
20 campsites, or accommodations are regularly furnished to transients for a
21 consideration. The tax shall not apply to rooms, lodgings, campsites, or
22 accommodations supplied for a continuous period of thirty (30) days or more
23 to a person;

24 (b) Sewer services;

25 (c) The sale of admissions, except:

- 26 1. Admissions to racetracks taxed under KRS 138.480;
27 2. ~~[Admissions to historical sites exempt under KRS 139.482;~~

- 1 ~~3.~~ Admissions taxed under KRS 229.031;
- 2 ~~3.~~~~4.~~ Admissions that are charged by nonprofit educational, charitable, or
- 3 religious institutions and for which an exemption is provided under KRS
- 4 139.495; and
- 5 ~~4.~~~~5.~~ Admissions that are charged by nonprofit civic, governmental, or other
- 6 nonprofit organizations and for which an exemption is provided under
- 7 KRS 139.498;
- 8 (d) Prepaid calling service and prepaid wireless calling service;
- 9 (e) Intrastate, interstate, and international communications services as defined in
- 10 KRS 139.195, except the furnishing of pay telephone service as defined in
- 11 KRS 139.195;
- 12 (f) Distribution, transmission, or transportation services for natural gas that is for
- 13 storage, use, or other consumption in this state, excluding those services
- 14 furnished:
- 15 1. For natural gas that is classified as residential use as provided in KRS
- 16 139.470(7); or
- 17 2. To a seller or reseller of natural gas;
- 18 (g) Landscaping services, including but not limited to:
- 19 1. Lawn care and maintenance services;
- 20 2. Tree trimming, pruning, or removal services;
- 21 3. Landscape design and installation services;
- 22 4. Landscape care and maintenance services; and
- 23 5. Snow plowing or removal services;
- 24 (h) Janitorial services, including but not limited to residential and commercial
- 25 cleaning services, and carpet, upholstery, and window cleaning services;
- 26 (i) Small animal veterinary services, excluding veterinary services for equine,
- 27 cattle, poultry, swine, sheep, goats, llamas, alpacas, ratite birds, buffalo, and

- 1 cervids;
- 2 (j) Pet care services, including but not limited to grooming and boarding services,
3 pet sitting services, and pet obedience training services;
- 4 (k) Industrial laundry services, including but not limited to industrial uniform
5 supply services, protective apparel supply services, and industrial mat and rug
6 supply services;
- 7 (l) Non-coin-operated laundry and dry cleaning services;
- 8 (m) Linen supply services, including but not limited to table and bed linen supply
9 services and nonindustrial uniform supply services;
- 10 (n) Indoor skin tanning services, including but not limited to tanning booth or
11 tanning bed services and spray tanning services;
- 12 (o) Non-medical diet and weight reducing services;
- 13 (p) ~~Limousine services, if a driver is provided; and~~
- 14 ~~(q)~~ Extended warranty services;
- 15 **(q) Photography and photo finishing services;**
- 16 **(r) Marketing services;**
- 17 **(s) Telemarketing services;**
- 18 **(t) Public opinion and research polling services;**
- 19 **(u) Lobbying services;**
- 20 **(v) Executive employee recruitment services;**
- 21 **(w) Web site design and development services;**
- 22 **(x) Web site hosting services;**
- 23 **(y) Facsimile transmission services;**
- 24 **(z) Private mailroom services, including:**
- 25 **1. Presorting mail and packages by postal code;**
- 26 **2. Address barcoding;**
- 27 **3. Tracking;**

- 1 4. Delivery to postal service; and
- 2 5. Private mailbox rentals;
- 3 (aa) Bodyguard services;
- 4 (ab) Residential and nonresidential security system monitoring services;
- 5 (ac) Private investigation services;
- 6 (ad) Process server services;
- 7 (ae) Repossession of tangible personal property services;
- 8 (af) Personal background check services;
- 9 (ag) Parking services;
- 10 1. Including:
- 11 a. Valet services; and
- 12 b. The use of parking lots and parking structures; but
- 13 2. Excluding any parking services at an educational institution;
- 14 (ah) Road and travel services provided by automobile clubs as defined in KRS
- 15 281.010;
- 16 (ai) Condominium time-share exchange services;
- 17 (aj) Rental of space for meetings, conventions, short-term business uses,
- 18 entertainment events, weddings, banquets, parties, and other short-term
- 19 social events;
- 20 (ak) Social event planning and coordination services;
- 21 (al) Leisure, recreational, and athletic instructional services;
- 22 (am) Recreational camp tuition and fees;
- 23 (an) Personal fitness training services;
- 24 (ao) Massage services, except when medically necessary;
- 25 (ap) Cosmetic surgery services;
- 26 (aq) Body modification services, including tattooing, piercing, scarification,
- 27 branding, tongue splitting, transdermal and subdermal implants, ear

- 1 *pointing, teeth pointing, and any other modifications that are not necessary*
 2 *for medical or dental health;*
 3 *(ar) Testing services, except testing for medical, educational, or veterinary*
 4 *reasons;*
 5 *(as) Interior decorating and design services;*
 6 *(at) Household moving services;*
 7 *(au) Specialized design services, including the design of clothing, costumes,*
 8 *fashion, furs, jewelry, shoes, textiles, and lighting;*
 9 *(av) Lapidary services, including cutting, polishing, and engraving precious*
 10 *stones;*
 11 *(aw) Labor and services to repair or maintain commercial refrigeration*
 12 *equipment and systems when no tangible personal property is sold in that*
 13 *transaction including service calls and trip charges;*
 14 *(ax) Labor to repair or alter apparel, footwear, watches, or jewelry when no*
 15 *tangible personal property is sold in that transaction; and*
 16 *(ay) Prewritten computer software access services.*

17 ➔Section 4. KRS 139.482 is amended to read as follows:

- 18 (1) "Historical site," as used in this section, means properties listed by the United States
 19 department of interior in the National Register as authorized by title 16, United
 20 States Code, section 470(f).
 21 (2) There is excluded from the computation of the amount of taxes imposed by this
 22 chapter {:-
 23 ~~(a) Gross receipts from charges for admission to historical sites, operated by a~~
 24 ~~nonprofit corporation, society, or organization; and~~
 25 ~~(b) }gross receipts from the sales of materials, supplies, and services to a~~
 26 ~~nonprofit corporation, society, or organization to be used to restore, maintain,~~
 27 ~~or operate a historical site.~~

1 ➔Section 5. KRS 139.260 is amended to read as follows:

2 For the purpose of the proper administration of this chapter and to prevent evasion of the
3 duty to collect the taxes imposed by KRS 139.200 and 139.310, it shall be presumed that
4 all gross receipts and all tangible personal property, digital property, and services sold by
5 any person for delivery or access in this state are subject to the tax until the contrary is
6 established. The burden of proving the contrary is upon the person who makes the sale of:

- 7 (1) Tangible personal property or digital property unless the person takes from the
8 purchaser a certificate to the effect that the property is either:
- 9 (a) Purchased for resale according to the provisions of KRS 139.270;
 - 10 (b) Purchased through a fully completed certificate of exemption or fully
11 completed Streamlined Sales and Use Tax Agreement Certificate of
12 Exemption in accordance with KRS 139.270; or
 - 13 (c) Purchased according to administrative regulations promulgated by the
14 department governing a direct pay authorization;
- 15 (2) A service included in KRS 139.200(2)(a) to (f) unless the person takes from the
16 purchaser a certificate to the effect that the service is purchased through a fully
17 completed certificate of exemption or fully completed Streamlined Sales and Use
18 Tax Agreement Certificate of Exemption in accordance with KRS 139.270; and
- 19 (3) A service included in KRS 139.200(2)(g) to ~~(ay)~~~~(q)~~ unless the person takes from
20 the purchaser a certificate to the effect that the service is:
- 21 (a) Purchased for resale according to KRS 139.270;
 - 22 (b) Purchased through a fully completed certificate of exemption or fully
23 completed Streamlined Sales and Use Tax Agreement Certificate of
24 Exemption in accordance with KRS 139.270; or
 - 25 (c) Purchased according to administrative regulations promulgated by the
26 department governing a direct pay authorization.

27 ➔Section 6. KRS 139.310 is amended to read as follows:

1 (1) An excise tax is hereby imposed on the storage, use, or other consumption in this
2 state of tangible personal property, digital property, and services listed under
3 subsection (2)(p) to (ay) of Section 3 of this Act~~[extended warranty services]~~
4 purchased for storage, use, or other consumption in this state at the rate of six
5 percent (6%) of the sales price.

6 (2) The excise tax applies to the purchase of digital property regardless of whether:
7 (a) The purchaser has the right to permanently use the goods;
8 (b) The purchaser's right to access or retain the digital property is not permanent;
9 or
10 (c) The purchaser's right of use is conditioned upon continued payment.

11 ➔Section 7. KRS 139.340 is amended to read as follows:

12 (1) Except as provided in KRS 139.470 and 139.480, every retailer engaged in business
13 in this state shall collect the tax imposed by KRS 139.310 from the purchaser and
14 give to the purchaser a receipt therefor in the manner and form prescribed by the
15 department. The taxes collected or required to be collected by the retailer under this
16 section shall be deemed to be held in trust for and on account of the
17 Commonwealth.

18 (2) "Retailer engaged in business in this state" as used in KRS 139.330 and this section
19 includes any of the following:

20 (a) Any retailer maintaining, occupying, or using, permanently or temporarily,
21 directly or indirectly, or through a subsidiary or any other related entity,
22 representative, or agent, by whatever name called, an office, place of
23 distribution, sales or sample room or place, warehouse or storage place, or
24 other place of business. Property owned by a person who has contracted with a
25 printer for printing, which consists of the final printed product, property which
26 becomes a part of the final printed product, or copy from which the printed
27 product is produced, and which is located at the premises of the printer, shall

- 1 not be deemed to be an office, place of distribution, sales or sample room or
2 place, warehouse or storage place, or other place of business maintained,
3 occupied, or used by the person;
- 4 (b) Any retailer having any representative, agent, salesman, canvasser, or solicitor
5 operating in this state under the authority of the retailer or its subsidiary for
6 the purpose of selling, delivering, or the taking of orders for any tangible
7 personal property, digital property, or **any services subject to tax under**
8 **subsection (2)(p) to (ay) of Section 3 of this Act**~~[an extended warranty~~
9 ~~service]~~. An unrelated printer with which a person has contracted for printing
10 shall not be deemed to be a representative, agent, salesman, canvasser, or
11 solicitor for the person;
- 12 (c) Any retailer soliciting orders for tangible personal property, digital property,
13 or **any services subject to tax under subsection (2)(p) to (ay) of Section 3 of**
14 **this Act**~~[an extended warranty service]~~ from residents of this state on a
15 continuous, regular, or systematic basis in which the solicitation of the order,
16 placement of the order by the customer or the payment for the order utilizes
17 the services of any financial institution, telecommunication system, radio or
18 television station, cable television service, print media, or other facility or
19 service located in this state;
- 20 (d) Any retailer deriving receipts from the lease or rental of tangible personal
21 property situated in this state;
- 22 (e) Any retailer soliciting orders for tangible personal property, digital property,
23 or **any services subject to tax under subsection (2)(p) to (ay) of Section 3 of**
24 **this Act**~~[an extended warranty service]~~ from residents of this state on a
25 continuous, regular, systematic basis if the retailer benefits from an agent or
26 representative operating in this state under the authority of the retailer to
27 repair or service tangible personal property or digital property sold by the

1 retailer;

2 (f) Any retailer located outside Kentucky that uses a representative in Kentucky,
3 either full-time or part-time, if the representative performs any activities that
4 help establish or maintain a marketplace for the retailer, including receiving or
5 exchanging returned merchandise; or

6 (g) 1. Any remote retailer selling tangible personal property or digital property
7 delivered or transferred electronically to a purchaser in this state,
8 including retail sales facilitated by a marketplace provider on behalf of
9 the remote retailer, if:

10 a. The remote retailer sold tangible personal property or digital
11 property that was delivered or transferred electronically to a
12 purchaser in this state in two hundred (200) or more separate
13 transactions in the previous calendar year or the current calendar
14 year; or

15 b. The remote retailer's gross receipts derived from the sale of
16 tangible personal property or digital property delivered or
17 transferred electronically to a purchaser in this state in the previous
18 calendar year or current calendar year exceeds one hundred
19 thousand dollars (\$100,000).

20 2. Any remote retailer that meets either threshold provided in subparagraph
21 1. of this paragraph shall register for a sales and use tax permit and
22 collect the tax imposed by KRS 139.310 from the purchaser no later
23 than the first day of the calendar month that is at the most sixty (60) days
24 after either threshold is reached.

25 ➔Section 8. KRS 139.470 is amended to read as follows:

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

27 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this

1 state of, tangible personal property or digital property which this state is prohibited
2 from taxing under the Constitution or laws of the United States, or under the
3 Constitution of this state;

4 (2) Gross receipts from sales of, and the storage, use, or other consumption in this state
5 of:

6 (a) Nonreturnable and returnable containers when sold without the contents to
7 persons who place the contents in the container and sell the contents together
8 with the container; and

9 (b) Returnable containers when sold with the contents in connection with a retail
10 sale of the contents or when resold for refilling;

11 As used in this section the term "returnable containers" means containers of a kind
12 customarily returned by the buyer of the contents for reuse. All other containers are
13 "nonreturnable containers";

14 (3) Gross receipts from occasional sales of tangible personal property or digital
15 property and the storage, use, or other consumption in this state of tangible personal
16 property or digital property, the transfer of which to the purchaser is an occasional
17 sale;

18 (4) Gross receipts from sales of tangible personal property to a common carrier,
19 shipped by the retailer via the purchasing carrier under a bill of lading, whether the
20 freight is paid in advance or the shipment is made freight charges collect, to a point
21 outside this state and the property is actually transported to the out-of-state
22 destination for use by the carrier in the conduct of its business as a common carrier;

23 (5) Gross receipts from sales of tangible personal property sold through coin-operated
24 bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the
25 retailer is primarily engaged in making the sales and maintains records satisfactory
26 to the department. As used in this subsection, "bulk vending machine" means a
27 vending machine containing unsorted merchandise which, upon insertion of a coin,

1 dispenses the same in approximately equal portions, at random and without
2 selection by the customer;

3 (6) Gross receipts from sales to any cabinet, department, bureau, commission, board, or
4 other statutory or constitutional agency of the state and gross receipts from sales to
5 counties, cities, or special districts as defined in KRS 65.005. This exemption shall
6 apply only to purchases of tangible personal property, digital property, or services
7 for use solely in the government function. A purchaser not qualifying as a
8 governmental agency or unit shall not be entitled to the exemption even though the
9 purchaser may be the recipient of public funds or grants;

10 (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky
11 residents for use in heating, water heating, cooking, lighting, and other
12 residential uses **if the sewer services, water, and fuel are purchased and**
13 **declared by the resident as used in his or her place of domicile.**

14 (b) As used in this subsection:~~[-,]~~

15 **1.** "Fuel" shall include but not be limited to natural gas, electricity, fuel oil,
16 bottled gas, coal, coke, and wood; ~~and[-]~~

17 **2.** **"Place of domicile" means the place where an individual has his or**
18 **her legal, true, fixed, and permanent home and principal**
19 **establishment, and to which, whenever the individual is absent, the**
20 **individual has the intention of returning.**

21 (c) Determinations of eligibility for the exemption shall be made by the
22 department.~~[-]~~

23 ~~(b) In making the determinations of eligibility, the department shall exempt from~~
24 ~~taxation all gross receipts derived from sales:~~

25 ~~1. Classified as "residential" by a utility company as defined by applicable tariffs~~
26 ~~filed with and accepted by the Public Service Commission;~~

27 ~~2. Classified as "residential" by a municipally owned electric distributor which~~

1 purchases its power at wholesale from the Tennessee Valley Authority;

2 ~~3. Classified as "residential" by the governing body of a municipally owned~~
 3 ~~electric distributor which does not purchase its power from the Tennessee~~
 4 ~~Valley Authority, if the "residential" classification is reasonably consistent~~
 5 ~~with the definitions of "residential" contained in tariff filings accepted and~~
 6 ~~approved by the Public Service Commission with respect to utilities which are~~
 7 ~~subject to Public Service Commission regulation.~~

8 ~~— If the service is classified as residential, use other than for "residential"~~
 9 ~~purposes by the customer shall not negate the exemption;]~~

10 ~~(d)~~~~(e)}~~ The exemption shall~~[not]~~ apply if charges for sewer service, water, and
 11 fuel are billed to an owner or operator of a multi-unit residential rental facility
 12 or mobile home and recreational vehicle park **if the sewer services, water, and**
 13 **fuel are purchased for and declared by the Kentucky resident as used in his**
 14 **or her place of domicile.**~~[other than residential classification; and]~~

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

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

26 (9) (a) Gross receipts derived from the sale of tangible personal property, as provided
 27 in paragraph (b) of this subsection, to a manufacturer or industrial processor if

1 the property is to be directly used in the manufacturing or industrial
2 processing process of:

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

10 and which will be for sale.

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

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

1 parts of any kind; and

2 c. Industrial tools. This group is limited to hand tools such as jigs,
3 dies, drills, cutters, rolls, reamers, chucks, saws, and spray guns
4 and to tools attached to a machine such as molds, grinding balls,
5 grinding wheels, dies, bits, and cutting blades. Normally, for
6 industrial tools to be considered directly used in the manufacturing
7 or industrial processing process, they shall come into direct contact
8 with the product being manufactured or processed; and

9 3. Materials and supplies that are not reusable in the same manufacturing
10 or industrial processing process at the completion of a single
11 manufacturing or processing cycle. A single manufacturing cycle shall
12 be considered to be the period elapsing from the time the raw materials
13 enter into the manufacturing process until the finished product emerges
14 at the end of the manufacturing process.

15 (c) The property described in paragraph (b) of this subsection shall be regarded as
16 having been purchased for resale.

17 (d) For purposes of this subsection, a manufacturer or industrial processor
18 includes an individual or business entity that performs only part of the
19 manufacturing or industrial processing activity, and the person or business
20 entity need not take title to tangible personal property that is incorporated into,
21 or becomes the product of, the activity.

22 (e) The exemption provided in this subsection does not include repair,
23 replacement, or spare parts;

24 (10) Any water use fee paid or passed through to the Kentucky River Authority by
25 facilities using water from the Kentucky River basin to the Kentucky River
26 Authority in accordance with KRS 151.700 to 151.730 and administrative
27 regulations promulgated by the authority;

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

8 (a) As used in this subsection:

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

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

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

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

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

25 (a) As used in this subsection, "metal retail fixtures" means check stands and
26 belted and nonbelted checkout counters, whether made in bulk or pursuant to
27 specific purchaser specifications, that are to be used directly by the purchaser

1 or to be distributed by the purchaser.

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

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

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

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

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

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

27 (19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which

1 is:

2 (a) Sold to a Kentucky resident, registered for use on the public highways, and
3 upon which any applicable tax levied by KRS 138.460 has been paid; or

4 (b) Sold to a nonresident of Kentucky if the nonresident registers the motor
5 vehicle in a state that:

6 1. Allows residents of Kentucky to purchase motor vehicles without
7 payment of that state's sales tax at the time of sale; or

8 2. Allows residents of Kentucky to remove the vehicle from that state
9 within a specific period for subsequent registration and use in Kentucky
10 without payment of that state's sales tax;

11 (20) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and
12 trailer as defined in KRS 189.010(17);

13 (21) Gross receipts from the collection of:

14 (a) Any fee or charge levied by a local government pursuant to KRS 65.760;

15 (b) The charge imposed by KRS 65.7629(3);

16 (c) The fee imposed by KRS 65.7634; and

17 (d) The service charge imposed by KRS 65.7636;

18 (22) Gross receipts derived from charges for labor or services to apply, install, repair, or
19 maintain tangible personal property directly used in manufacturing or industrial
20 processing process of:

21 (a) Tangible personal property at a plant facility;

22 (b) Distilled spirits or wine at a plant facility or on the premises of a distiller,
23 rectifier, winery, or small farm winery licensed under KRS 243.030; or

24 (c) Malt beverages at a plant facility or on the premises of a brewer or
25 microbrewery licensed under KRS 243.040

26 that is not otherwise exempt under subsection (9) of this section or KRS
27 139.480(10), if the charges for labor or services are separately stated on the invoice,

1 bill of sale, or similar document given to purchaser;

2 (23) (a) For persons selling services included in KRS 139.200(2)(g) to ~~(p)(e)~~ prior to
3 January 1, 2019, gross receipts derived from the sale of those services if the
4 gross receipts were less than six thousand dollars (\$6,000) during calendar
5 year 2018. When gross receipts from these services exceed six thousand
6 dollars (\$6,000) in a calendar year:

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

10 (b) **For persons selling services included in subsection (2)(a) to (ay) of Section**
11 **3 of this Act prior to January 1, 2023, gross receipts derived from the sale of**
12 **those services if the gross receipts were less than six thousand dollars**
13 **(\$6,000) during calendar year 2021. When gross receipts from these services**
14 **exceed six thousand dollars (\$6,000) in a calendar year:**

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

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

21 (24) (a) For persons that first begin making sales of services included in KRS
22 139.200(2)(g) to ~~(p)(e)~~ on or after January 1, 2019, gross receipts derived
23 from the sale of those services if the gross receipts are less than six thousand
24 dollars (\$6,000) within the first calendar year of operation. When gross
25 receipts from these services exceed six thousand dollars (\$6,000) in a calendar
26 year:

- 27 1. All gross receipts over six thousand dollars (\$6,000) are taxable in that

1 calendar year; and

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

3 (b) *For persons that first begin making sales of services included in subsection*
 4 *(2)(g) to (v) of Section 3 of this Act on or after January 1, 2023, gross*
 5 *receipts derived from the sale of those services if the gross receipts are less*
 6 *than six thousand dollars (\$6,000) within the first calendar year of*
 7 *operation. When gross receipts from these services exceed six thousand*
 8 *dollars (\$6,000) in a calendar year:*

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

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

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

15 ➔Section 9. KRS 281.010 is amended to read as follows:

16 As used in this chapter:

17 (1) "Automobile club" means a person that, for consideration, promises to assist its
 18 members or subscribers in matters relating to the assumption of or reimbursement
 19 of the expense or a portion thereof for towing of a motor vehicle; emergency road
 20 service; matters relating to the operation, use, and maintenance of a motor vehicle;
 21 and the supplying of services which includes, augments, or is incidental to theft or
 22 reward services, discount services, arrest bond services, lock and key services, trip
 23 interruption services, and legal fee reimbursement services in defense of traffic-
 24 related offenses;

25 (2) "Automobile utility trailer" means any trailer or semitrailer designed for use with
 26 and towed behind a passenger motor vehicle;

27 (3) "Automobile utility trailer certificate" means a certificate authorizing a person to

- 1 engage in the business of automobile utility trailer lessor;
- 2 (4) "Automobile utility trailer lessor" means any person operating under an automobile
3 utility trailer certificate who is engaged in the business of leasing or renting
4 automobile utility trailers, but shall not include the agents of such persons;
- 5 (5) "Broker" means a person selected by the cabinet through a request for proposal
6 process to coordinate human service transportation delivery within a specific
7 delivery area. A broker may also provide transportation services within the specific
8 delivery area for which the broker is under contract with the cabinet;
- 9 (6) "Bus" means a motor vehicle operating under a bus certificate transporting
10 passengers for hire between points over regular routes;
- 11 (7) "Bus certificate" means a certificate granting authority for the operation of one (1)
12 or more buses;
- 13 (8) "Cabinet" means the Kentucky Transportation Cabinet;
- 14 (9) "Certificate" means a certificate of compliance issued under this chapter to motor
15 carriers;
- 16 (10) "Charter bus" means a motor vehicle operating under a charter bus certificate
17 providing for-hire intrastate transportation of a group of persons who, pursuant to a
18 common purpose under a single contract at a fixed charge for the motor vehicle,
19 have acquired the exclusive use of the motor vehicle to travel together under an
20 itinerary either specified in advance or modified after having left the place of origin;
- 21 (11) "Charter bus certificate" means a certificate granting authority for the operation of
22 one (1) or more charter buses;
- 23 (12) "Commissioner" means the commissioner of the Department of Vehicle Regulation;
- 24 (13) "CTAC" means the Coordinated Transportation Advisory Committee created in
25 KRS 281.870;
- 26 (14) "Department" means the Department of Vehicle Regulation;
- 27 (15) "Delivery area" means one (1) or more regions established by the cabinet in

- 1 administrative regulations promulgated under KRS Chapter 13A for the purpose of
2 providing human service transportation delivery in that region;
- 3 (16) "Disabled persons vehicle carrier" means a motor carrier for hire, transporting
4 passengers including the general public who require transportation in disabled
5 persons vehicles;
- 6 (17) "Disabled persons vehicle" means a motor vehicle operating under a disabled
7 persons vehicle certificate especially equipped for the transportation of passengers
8 with disabilities in accordance with 49 C.F.R. pt. 38, and is designed or constructed
9 with not more than fifteen (15) regular seats. It shall not mean an ambulance as
10 defined in KRS 311A.010. It shall not mean a motor vehicle equipped with a
11 stretcher;
- 12 (18) "Disabled persons vehicle certificate" means a certificate granting authority for the
13 operation of one (1) or more disabled persons vehicles transporting passengers for
14 hire;
- 15 (19) "Driveaway" means the transporting and delivering of motor vehicles, except
16 semitrailers and trailers, whether destined to be used in either a private or for-hire
17 capacity, under their own power or by means of a full mount method, saddle mount
18 method, the tow bar method, or any combination of them over the highways of this
19 state from any point of origin to any point of destination for hire. "Driveaway" does
20 not include the transportation of such vehicles by the full mount method on trailers
21 or semitrailers;
- 22 (20) "Driveaway certificate" means a certificate granting authority for the operation of
23 one (1) or more motor carrier vehicles operating as a driveaway;
- 24 (21) "Driver" means the person physically operating the motor vehicle;
- 25 (22) "Flatbed/rollback service" means a form of towing service which involves moving
26 vehicles by loading them onto a flatbed platform;
- 27 (23) "Highway" means all public roads, highways, streets, and ways in this state, whether

- 1 within a municipality or outside of a municipality;
- 2 (24) "Household goods" has the same meaning as in 49 C.F.R. sec. 375.103;
- 3 (25) "Household goods carrier" has the same meaning as "household goods motor
4 carrier" in 49 C.F.R. sec. 375.103;
- 5 (26) "Household goods certificate" means a certificate granting authority for the
6 operation of one (1) or more household goods vehicles;
- 7 (27) "Human service transportation delivery" means the provision of transportation
8 services to any person that is an eligible recipient in one (1) of the following state
9 programs:
- 10 (a) Nonemergency medical transportation under KRS Chapter 205;
- 11 (b) Mental health, intellectual disabilities, or comprehensive care under KRS
12 Chapter 202A, 202B, 210, or 645;
- 13 (c) Work programs for public assistance recipients under KRS Chapter 205;
- 14 (d) Adult services under KRS Chapter 205, 209, 216, or 273;
- 15 (e) Vocational rehabilitation under KRS Chapter 151B or 157; or
- 16 (f) Blind industries or rehabilitation under KRS Chapter 151B or 163;
- 17 (28) "Interstate commerce" has the same meaning as in 49 C.F.R. sec. 390.5;
- 18 (29) "Intrastate commerce" has the same meaning as in 49 C.F.R. sec. 390.5;
- 19 (30) "Limousine" means a motor vehicle operating under a limousine certificate that is
20 designed or constructed with not more than fifteen (15) regular seats;
- 21 (31) "Limousine certificate" means a certificate granting authority for the operation of
22 one (1) or more limousines transporting passengers for hire;
- 23 (32) "Mobile application" means an application or a computer program designed to run
24 on a smartphone, tablet computer, or other mobile device that is used by a TNC to
25 connect drivers with potential passengers;
- 26 (33) "Motor carrier" means any person in either a private or for-hire capacity who owns,
27 controls, operates, manages, or leases, except persons leasing to authorized motor

- 1 carriers, any motor vehicle for the transportation of passengers or property upon any
2 highway, and any person who engages in the business of automobile utility trailer
3 lessor, vehicle towing, driveaway, or U-Drive-It;
- 4 (34) "Motor carrier vehicle" means a motor vehicle used by a motor carrier to transport
5 passengers or property;
- 6 (35) "Motor carrier vehicle license" means a license issued by the department for a motor
7 carrier vehicle authorized to operate under a certificate;
- 8 (36) "Motor carrier license plate" means a license plate issued by the department to a
9 motor carrier authorized to operate under a certificate other than a household goods,
10 property, TNC, peer-to-peer car sharing, or U-Drive-It certificate;
- 11 (37) "Motor vehicle" means any motor-propelled vehicle used for the transportation of
12 passengers or property on a public highway, including any such vehicle operated as
13 a unit in combination with other vehicles;
- 14 (38) "Passenger" means an individual or group of people;
- 15 (39) **"Peer-to-peer car sharing":**
- 16 **(a) Means the authorized use of a motor vehicle by an individual other than the**
17 **vehicle's owner through a peer-to-peer car sharing program; and**
- 18 **(b) Does not:**
- 19 **1. Include the operation of a U-Drive-It certificate as defined in this**
20 **section; or**
- 21 **2. Involve the sale or provision of rental vehicle insurance as defined in**
22 **KRS 304.9-020;**
- 23 **(40) "Peer-to-peer car sharing certificate" means a certificate granting the authority**
24 **for the operation of a peer-to-peer car sharing program;**
- 25 **(41) "Peer-to-peer car sharing company" means a person that operates a peer-to-peer**
26 **car sharing program;**
- 27 **(42) "Peer-to-peer car sharing program":**

1 (a) Means a business platform that connects shared vehicle owners with shared
 2 vehicle drivers to enable the sharing of motor vehicles for financial
 3 consideration; and

4 (b) Does not include a:

5 1. U-Drive-It;

6 2. Motor vehicle renting company as defined in KRS 281.687;

7 3. Rental vehicle agent as defined in KRS 304.9-020; or

8 4. Service provider that is solely providing hardware or software as a
 9 service to a person or entity that is not effectuating payment of
 10 financial consideration for use of a shared vehicle;

11 (43) "Permit" means a temporary permit of compliance issued under this chapter for a
 12 specified period not to exceed ten (10) days, and for a specific vehicle, to any motor
 13 carrier, including one who is a nonresident of the Commonwealth, who operates a
 14 motor vehicle and is not entitled to an exemption from the payment of fees imposed
 15 under KRS 186.050 because of the terms of a reciprocal agreement between the
 16 Commonwealth and the state in which the vehicle is licensed;

17 (44)~~[(40)]~~ "Person" means any individual, firm, partnership, corporation, company,
 18 association, or joint stock association, and includes any trustee, assignee, or
 19 personal representative thereof;

20 (45)~~[(41)]~~ "Platoon" means a group of two (2) individual commercial motor vehicles
 21 traveling in a unified manner at electronically coordinated speeds at following
 22 distances that are closer than would ordinarily be allowed under KRS
 23 189.340(8)(b);

24 (46)~~[(42)]~~ "Prearranged ride" means the period of time that begins when a transportation
 25 network company driver accepts a requested ride through a digital network or
 26 mobile application, continues while the driver transports the rider in a personal
 27 vehicle, and ends when the transportation network company services end;

1 ~~(47)~~~~((43))~~ "Pre-trip acceptance liability policy" means the transportation network
2 company liability insurance coverage for incidents involving the driver for a period
3 of time when a driver is logged into a transportation network company's digital
4 network or mobile application but is not engaged in a prearranged ride;

5 ~~(48)~~~~((44))~~ "Property" means general or specific commodities, including hazardous and
6 nonhazardous materials;

7 ~~(49)~~~~((45))~~ "Property certificate" means a certificate granting authority for the
8 transportation of property, other than household goods, not exempt under KRS
9 281.605;

10 ~~(50)~~~~((46))~~ "Recovery":

11 (a) Means a form of towing service which involves moving vehicles by the use of
12 a wheel-lift device, such as a lift, crane, hoist, winch, cradle, jack, automobile
13 ambulance, tow dolly, or any other similar device as requested by a state or
14 local law enforcement agency; and

15 (b) Includes:

- 16 1. Relocating a vehicle or cargo from a place where towing is not possible
17 to a place where towing is possible; and
- 18 2. The cleanup of debris or cargo, and returning an area to pre-event
19 condition;

20 ~~(51)~~~~((47))~~ "Regular route" means the scheduled transportation of passengers between
21 designated points over designated routes under time schedules that provide a
22 regularity of services;

23 ~~(52)~~~~((48))~~ "Regular seat" means a seat ordinarily and customarily used by one (1)
24 passenger and, in determining such seating capacity, the manufacturer's rating may
25 be considered;

26 ~~(53)~~ **"Shared vehicle":**

27 **(a) Means a motor vehicle that is available for car sharing through a peer-to-**

1 peer car sharing program; and

2 (b) Does not include a motor vehicle leased or rented by a person operating
 3 under a U-Drive-It certificate;

4 (54) "Shared vehicle driver" means an individual who has been authorized to drive
 5 the shared vehicle by the shared vehicle owner under a car sharing program
 6 agreement;

7 (55) "Shared vehicle owner":

8 (a) Means the registered owner, or a person designated by the registered owner,
 9 of a motor vehicle made available for sharing to shared vehicle drivers,
 10 through a peer-to-peer car sharing program; and

11 (b) Does not include a:

12 1. Person operating a U-Drive-It certificate;

13 2. Motor vehicle renting company as defined in KRS 281.687; or

14 3. Rental vehicle agent as defined in KRS 304.9-020;

15 (56)~~(49)~~ "Storage facility" means any lot, facility, or other property used to store motor
 16 vehicles that have been removed from another location by a tow truck;

17 (57)~~(50)~~ "Street hail" means a request for service made by a potential passenger using
 18 hand gestures or verbal statement;

19 (58)~~(51)~~ "Subcontractor" means a person who has signed a contract with a broker to
 20 provide human service transportation delivery within a specific delivery area and
 21 who meets human service transportation delivery requirements, including proper
 22 operating authority;

23 (59)~~(52)~~ "Tariff" means the listing of compensation received by a motor carrier for
 24 household goods that includes the manner in which and the amount of fares an
 25 authorized motor carrier may charge;

26 (60)~~(53)~~ "Taxicab" means a motor vehicle operating under a taxicab certificate that is
 27 designed or constructed with not more than eight (8) regular seats and may be

1 equipped with a taximeter;

2 ~~(61)~~~~(54)~~ "Taxicab certificate" means a certificate granting authority for the operation of
3 one (1) or more taxicabs transporting passengers for hire;

4 ~~(62)~~~~(55)~~ "Taximeter" means an instrument or device approved by the department that
5 automatically calculates and plainly indicates the charge to a passenger for hire who
6 is being charged on the basis of mileage;

7 ~~(63)~~~~(56)~~ "Tow truck" means a motor vehicle equipped to provide any form of towing
8 service, including recovery service or flatbed/rollback service;

9 ~~(64)~~~~(57)~~ "Tow truck operator" means an individual who operates a tow truck as an
10 employee or agent of a towing company;

11 ~~(65)~~~~(58)~~ "Towing" means:

12 (a) Emergency towing, which is the towing of a motor vehicle, with or without
13 the owner's consent, because of:

- 14 1. A motor vehicle accident on a public highway;
- 15 2. An incident related to an emergency; or
- 16 3. An incident that necessitates the removal of the motor vehicle from a
17 location for public safety reasons;

18 (b) Private property towing, which is the towing of a motor vehicle, without the
19 owner's consent, from private property:

- 20 1. On which the motor vehicle was illegally parked; or
- 21 2. Because of an exigent circumstance necessitating its removal to another
22 location; and

23 (c) Seizure towing, which is the towing of a motor vehicle for law enforcement
24 purposes involving the:

- 25 1. Maintenance of the chain of custody of evidence;
- 26 2. Forfeiture of assets; or
- 27 3. Delinquency of highway fuel tax, weight distance tax, or any other taxes

1 and fees administered by the Transportation Cabinet;

2 ~~(66)~~~~((59))~~ "Towing company":

3 (a) Means a service or business operating as a motor carrier that:

4 1. Tows or otherwise moves motor vehicles by means of a tow truck; or

5 2. Owns or operates a storage lot;

6 (b) Includes a tow truck operator acting on behalf of a towing company when
7 appropriate in the context; and

8 (c) Does not include an automobile club, car dealership, insurance company,
9 repossession company, lienholders and entities hired by lienholders for the
10 purpose of repossession, local government, or any other entity that contracts
11 with a towing company;

12 ~~(67)~~~~((60))~~ "Transportation network company" or "TNC" means a person or entity that
13 connects passengers through its digital network or mobile application to its drivers
14 for the provision of transportation network company services;

15 ~~(68)~~~~((61))~~ "Transportation network company certificate" or "TNC certificate" means a
16 certificate granting the authority for the operation of one (1) or more transportation
17 network company vehicles transporting passengers for hire;

18 ~~(69)~~~~((62))~~ "Transportation network company driver" or "TNC driver" means an
19 individual who operates a motor vehicle that is owned or leased by the individual,
20 or a motor vehicle for which the driver is an insured driver and has the permission
21 of the owner or lessee of the motor vehicle, and used to provide transportation
22 network company services;

23 ~~(70)~~~~((63))~~ "Transportation network company service" or "TNC service" means a
24 prearranged passenger transportation service offered or provided through the use of
25 a transportation network company mobile application or digital network to connect
26 potential passengers with transportation network company drivers;

27 ~~(71)~~~~((64))~~ "Transportation network company vehicle" or "TNC vehicle" means a

1 privately owned or leased motor vehicle, designed or constructed with not more
2 than eight (8) regular seats, operating under a transportation network company
3 certificate;

4 ~~(72)~~~~((65))~~ "U-Drive-It" means any person operating under a U-Drive-It certificate who
5 leases or rents a motor vehicle for consideration to be used for the transportation of
6 persons or property, but for which no driver is furnished, and the use of which
7 motor vehicle is not for the transportation of persons or property for hire by the
8 lessee or rentee; and

9 ~~(73)~~~~((66))~~ "U-Drive-It certificate" means a certificate granting authority for the operation
10 of one (1) or more U-Drive-Its.

11 ➔Section 10. KRS 281.630 is amended to read as follows:

12 (1) A person shall not act as a motor carrier without first obtaining a certificate from
13 the department.

14 (2) A certificate for the intrastate transportation of passengers or property, including
15 household goods, shall be issued to any qualified applicant authorizing operation
16 covered by the application, if it is found that the applicant conforms to the
17 provisions of this chapter and the requirements of the administrative regulations
18 promulgated in accordance with this section.

19 (3) (a) The department shall issue the following certificates:

- 20 1. Taxicab certificate;
- 21 2. Limousine certificate;
- 22 3. Disabled persons vehicle certificate;
- 23 4. Transportation network company certificate;
- 24 5. Household goods certificate;
- 25 6. Charter bus certificate;
- 26 7. Bus certificate;
- 27 8. U-Drive-It certificate;

1 9. Property certificate;

2 10. Driveaway certificate; ~~and~~

3 **11. Peer-to-peer car sharing certificate; and**

4 **12.** ~~[11.]~~ Automobile utility trailer certificate.

5 (b) Application for a certificate shall be made in such form as the department may
6 require. The department shall receive an application fee of two hundred fifty
7 dollars (\$250) for all applications, except that the department shall receive an
8 application fee of twenty-five dollars (\$25) for a property certificate.

9 (c) Before the department may issue a certificate, an applicant shall:

10 1. Pay the application fee established under paragraph (b) of this
11 subsection;

12 2. For entities other than TNCs **and peer-to-peer car sharing companies,**
13 file a motor carrier vehicle license application for each motor carrier
14 vehicle as required by KRS 281.631. The applicant shall file at least one
15 (1) motor carrier vehicle license application before being eligible for a
16 certificate;

17 3. For TNCs, file a TNC authority application with the department
18 pursuant to administrative regulations promulgated by the department;

19 4. **For peer-to-peer car sharing companies, file a peer-to-peer car**
20 **sharing certificate application with the department pursuant to**
21 **administrative regulations promulgated by the department;**

22 **5.** File with the department one (1) or more approved indemnifying bonds
23 or insurance policies as required by KRS 281.655;

24 **6.** ~~[5.]~~ For taxicab, limousine, disabled persons vehicle, TNC, household
25 goods, charter bus, and bus certificates, obtain and retain for a period of
26 at least three (3) years, a nationwide criminal background check, in
27 compliance with KRS 281.6301, of each owner, official, employee,

1 independent contractor, or agent operating a passenger vehicle or
2 household goods vehicle or entering a private residence or storage
3 facility for the purpose of providing or facilitating the transportation of
4 household goods;

5 ~~7.16.1~~ For household goods certificates, file with the department a current
6 tariff; and

7 ~~8.17.1~~ For a bus certificate, file with the department authorization from a city
8 as required by KRS 281.635.

9 (4) (a) Every certificate shall be renewed annually. Application for renewal shall be
10 in such form as the department may require.

11 (b) A certificate not renewed within one (1) calendar year after the date for its
12 renewal shall become null and void.

13 (c) The department shall not renew any certificate if it has been revoked or, if
14 suspended, during the period of any suspension. A certificate shall not be
15 considered revoked or suspended when an appeal of the revocation or
16 suspension is pending in a court of competent jurisdiction.

17 (d) For the renewal of an intrastate certificate, the department shall receive a fee
18 of two hundred fifty dollars (\$250), except for an application for renewal of a
19 property certificate, for which the department shall receive a fee of twenty-
20 five dollars (\$25).

21 (e) Before the department may renew a certificate, the certificate holder shall:

22 1. Pay the renewal fee established under paragraph (d) of this subsection;

23 2. For the entities other than TNCs and peer-to-peer car sharing
24 companies, file a motor carrier vehicle license application or renewal for
25 each motor carrier vehicle as required by KRS 281.631. The certificate
26 holder shall file at least one (1) motor carrier vehicle license application
27 or renewal before being eligible for renewal;

- 1 3. For TNCs, file a TNC authority application with the department
2 pursuant to administrative regulations promulgated by the department;
- 3 4. *For peer-to-peer car sharing companies, file a peer-to-peer car*
4 *sharing certificate application with the department pursuant to*
5 *administrative regulations promulgated by the department;*
- 6 5. File with the department one (1) or more approved indemnifying bonds
7 or insurance policies as required by KRS 281.655;
- 8 ~~6.[5.]~~ Every three (3) years, for taxicab, limousine, disabled persons vehicle,
9 TNC, household goods, charter bus, and bus certificates, obtain and
10 retain for a period of at least three (3) years, a nationwide criminal
11 background check in compliance with KRS 281.6301, of each owner,
12 official, employee, independent contractor, or agent operating a
13 passenger vehicle or entering a private residence or storage facility for
14 the purpose of providing or facilitating the transportation of household
15 goods. However, within the three (3) year period:
- 16 a. If a new owner, official, employee, independent contractor, or
17 agent joins the certificate holder and performs the aforementioned
18 duties; or
- 19 b. If the certificate holder has knowledge that a current owner,
20 official, employee, independent contractor, or agent who performs
21 the aforementioned duties has been convicted of or pled guilty to
22 any of the offenses listed in KRS 281.6301(2);
- 23 then the certificate holder shall obtain and retain for a period of at least
24 three (3) years, a nationwide criminal background check for that owner,
25 official, employee, independent contractor, or agent; and
- 26 ~~7.[6.]~~ For household goods certificates, have on file with the department a
27 current tariff.

- 1 (5) (a) A motor carrier operating under a household goods certificate shall, at all
2 times the certificate is in effect, maintain on file with the department a current
3 tariff.
- 4 (b) Except for a household goods certificate holder that has had only an out-of-
5 state address on file with the department prior to January 1, 2015, all
6 certificate holders shall maintain on file with the department an address within
7 the Commonwealth. The certificate holder shall keep open for public
8 inspection at that address such information as the department may require.
- 9 (c) The certificate holder shall not charge, demand, collect, or receive a greater,
10 less, or different compensation for the transportation of household goods or
11 for any service in connection therewith, than the tariff filed with the
12 department and in effect at the time would require. A certificate holder shall
13 not make or give any unreasonable preference or advantage to any person, or
14 subject any person to any unreasonable discrimination.
- 15 (6) A certificate shall not be transferred unless the transfer involves either the change of
16 the legal name of the existing certificate holder or the incorporation of a sole
17 proprietor certificate holder.
- 18 (7) A certificate authorizing a person to act as an automobile utility trailer lessor shall
19 also authorize the agents of the person to act on his or her behalf during the period
20 of their agency.
- 21 (8) A motor carrier vehicle shall not be operated after the expiration of the certificate
22 under which it is operated.
- 23 (9) A person shall not knowingly employ the services of a motor carrier not authorized
24 to perform such services.
- 25 (10) If the department, after a hearing held upon its own motion or upon complaint, finds
26 any existing rate unjustly discriminatory, or finds the services rendered or facilities
27 employed by any motor carrier to be unsafe, inadequate, inconvenient, or in

1 violation of law or of the administrative regulations of the department, it may by
2 final order do any or all of the following:

- 3 (a) Require the certificate holder to follow any rate or time schedule in effect at
4 the time of service;
- 5 (b) Require the certificate holder to issue a refund to the complainant;
- 6 (c) Require the certificate holder to pay the fine set out in KRS 281.990 to the
7 department; and
- 8 (d) Determine the reasonable, safe, adequate, and convenient service to be
9 thereafter furnished.

10 (11) Hearings conducted under authority of this section shall be conducted in the same
11 manner as provided in KRS 281.640.

12 (12) The department shall have the power to promulgate administrative regulations as it
13 may deem necessary to carry out the provisions of this section.

14 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
15 READ AS FOLLOWS:

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

17 **(a) "Department" means the Kentucky Department of Revenue;**

18 **(b) "Gross receipts" means the total consideration received for the:**

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

23 **a. Peer-to-peer car sharing company; or**

24 **b. Motor vehicle rental company; and**

25 **2. Charges made to provide the service to a user, including any charges**
26 **for time or mileage, fees for using the services, and any charges for**
27 **any services necessary to complete the transaction made by a:**

- 1 a. TNC;
- 2 b. Taxicab; or
- 3 c. Limousine service provider;

4 (c) The following terms have the same meaning as in Section 9 of this Act:

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

16 (d) "Motor vehicle rental company" has the same meaning as in KRS 281.687;

17 and

18 (e) "Person" means the holder of any of the following certificates in Section 10
19 of this Act:

- 20 1. Limousine;
- 21 2. Peer-to-peer car sharing;
- 22 3. Taxicab;
- 23 4. Transportation network; and
- 24 5. U-Drive-It.

25 (2) An excise tax is imposed upon every person for the privilege of providing a motor
26 vehicle for sharing or for rent, with or without a driver, within the
27 Commonwealth. The tax is imposed at the rate of six percent (6%) of the gross

1 receipts derived from the:

2 (a) Rental of a shared vehicle by a peer-to peer car sharing company;

3 (b) Rental of a vehicle by a motor vehicle renting company;

4 (c) Sales of TNC services;

5 (d) Sales of taxicab services; and

6 (e) Sales of limousine services.

7 (3) The tax imposed under subsection (2) of this section shall be administered and
8 collected by the department. Revenues generated from the tax shall be deposited
9 into the general fund.

10 (4) The tax imposed by subsection (2) of this section shall be the direct obligation of
11 the peer-to-peer car sharing company, the motor vehicle renting company, the
12 TNC, the taxicab service provider, and the limousine service provider, but it may
13 be charged to and collected from the user of the service. The tax shall be remitted
14 to the department each month on forms and pursuant to administrative
15 regulations promulgated by the department.

16 (5) (a) As soon as practicable after each return is received, the department shall
17 examine and audit the return. If the amount of taxes computed by the
18 department is greater than the amount returned by the person, the excess
19 shall be assessed by the department within four (4) years from the date the
20 return was filed, except as provided in paragraph (c) of this subsection, and
21 except that in the case of a failure to file a return or of a fraudulent return
22 the excess may be assessed at any time. A notice of such assessment shall be
23 mailed to the person.

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

27 (c) Notwithstanding the four (4) year time limitation of paragraph (a) of this

1 subsection, in the case of a return where the amount of taxes computed by
2 the department is greater by twenty-five percent (25%) or more than the
3 amount returned by the person, the excess shall be assessed by the
4 department within six (6) years from the date the return was filed.

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

7 (a) Limousine certificate holder;

8 (b) Peer-to-peer car sharing certificate holder;

9 (c) Taxicab certificate holder;

10 (d) TNC certificate holder; or

11 (e) U-Drive-It certificate holder.

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

18 (8) If any person fails to make and file a return required by subsection (4) of this
19 section on or before the due date of the return, or if the taxes, or portion thereof,
20 is not paid on or before the date prescribed for its payment, then, unless it is
21 shown to the satisfaction of the department that the failure is due to a reasonable
22 cause, five percent (5%) of the taxes found to be due shall be added to the tax for
23 each thirty (30) days or fraction thereof elapsing between the due date of the
24 return and the date on which filed, but the total penalty shall not exceed twenty-
25 five percent (25%) of the tax; provided, however, that in no case shall the penalty
26 be less than ten dollars (\$10).

27 (9) If the tax imposed by subsection (2) of this section is not paid on or before the

1 date prescribed for its payment, there shall be collected, as a part of the tax,
2 interest upon the unpaid amount at the tax interest rate as defined in KRS
3 131.010(6) from the date prescribed for its payment until payment is actually
4 made.

5 (10) Notwithstanding any other provisions of this chapter to the contrary, the
6 president, vice president, secretary, treasurer, or any other person holding any
7 equivalent corporate office of any corporation subject to the provisions of this
8 chapter shall be personally and individually liable, both jointly and severally, for
9 the taxes imposed under this chapter, and neither the corporate dissolution nor
10 withdrawal of the corporation from the state nor the cessation of holding any
11 corporate office shall discharge the foregoing liability of any person. The
12 personal and individual liability shall apply to each and every person holding the
13 corporate office at the time the taxes become or became due. No person will be
14 personally and individually liable pursuant to this section who had no authority
15 in the management of the business or financial affairs of the corporation at the
16 time that the taxes imposed by this chapter become or became due. Taxes as used
17 in this section shall include interest accrued at the rate provided by KRS 139.650
18 and all applicable penalties imposed under this chapter and all applicable
19 penalties and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.

20 (11) Notwithstanding any other provisions of this chapter, KRS 275.150, 362.1-306(3)
21 or predecessor law, or 362.2-404(3) to the contrary, the managers of a limited
22 liability company, the partners of a limited liability partnership, and the general
23 partners of a limited liability limited partnership, or any other person holding any
24 equivalent office of a limited liability company, limited liability partnership, or
25 limited liability limited partnership subject to the provisions of this chapter, shall
26 be personally and individually liable, both jointly and severally, for the taxes
27 imposed under this chapter. Dissolution, withdrawal of the limited liability

1 company, limited liability partnership, or limited liability limited partnership
 2 from the state, or the cessation of holding any office shall not discharge the
 3 liability of any person. The personal and individual liability shall apply to each
 4 and every manager of a limited liability company, partner of a limited liability
 5 partnership, and general partner of a limited liability limited partnership at the
 6 time the taxes become or became due. No person shall be personally and
 7 individually liable under this subsection who had no authority to collect,
 8 truthfully account for, or pay over any tax imposed by this chapter at the time
 9 that the taxes imposed by this chapter become or became due. "Taxes" as used in
 10 this section shall include interest accrued at the rate provided by KRS 131.183, all
 11 applicable penalties imposed under this chapter, and all applicable penalties and
 12 fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.

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

15 ➔Section 12. KRS 138.462 is amended to read as follows:

16 As used in KRS 138.463 and 138.4631, unless the context requires otherwise:

- 17 (1) "Cabinet" means the Transportation Cabinet;
- 18 (2) "Rent" and "rental" means a contract, other than a peer-to-peer car sharing
 19 program agreement as defined in Section 9 of this Act, supported by a
 20 consideration, for the use of a motor vehicle for a period of less than three hundred
 21 sixty-five (365) days;
- 22 (3) "Lease" and "leasing" means a contract, other than a peer-to-peer car sharing
 23 program agreement as defined in Section 9 of this Act, supported by a
 24 consideration, for the use of a motor vehicle for a period of three hundred sixty-five
 25 (365) days or more; and
- 26 (4) "Gross rental charge" means the amount paid by a customer for time and
 27 mileage only.

1 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO
2 READ AS FOLLOWS:

3 *Excluded from the additional taxable services imposed by subsection (2)(g) to (ay) of*
4 *Section 3 of this Act are gross receipts derived from:*

5 *(1) Sales of the services in fulfillment of a lump-sum, fixed-fee contract or a fixed*
6 *price sales contract executed on or before February 25, 2022; and*

7 *(2) A lease or rental agreement entered into on or before February 25, 2022.*

8 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 91A IS CREATED TO
9 BE NUMBERED AS KRS 91A.345 AND TO READ AS FOLLOWS:

10 *As used in KRS 91A.345 to 91A.394:*

11 *(1) "Person" has the same meaning as in KRS 139.010; and*

12 *(2) "Rent " means the total amount charged for the rental of an accommodation and*
13 *any charges for any services necessary to facilitate the rental of accommodations*
14 *whether the amount is charged by the provider of the accommodations or by a*
15 *person facilitating the rental of the accommodations by brokering, coordinating,*
16 *or in any way arranging for the rental of the accommodations.*

17 ➔Section 15. KRS 91A.360 is amended to read as follows:

18 (1) The commission established pursuant to KRS 91A.350(2) shall be composed of
19 seven (7) members to be appointed, in accordance with the method used to establish
20 the commission. Members of a commission established by joint action of the local
21 governing bodies of a county and a city or cities located therein shall be appointed,
22 jointly, by the chief executive officers of the local governing bodies that established
23 the commission. Members of a commission established by separate action of the
24 local governing body of a county or a city located therein shall be appointed
25 separately by the chief executive officer of the local governing body that established
26 the commission. The chief executive officer of a city shall mean the mayor and the
27 chief executive officer of a county shall mean the county judge/executive.

1 Appointments to a commission shall be made by the appropriate chief executive
2 officer or officers in the following manner:

3 (a) Two (2) commissioners shall be appointed from a list of three (3) or more
4 names submitted by the local city hotel and motel association and one (1)
5 commissioner shall be appointed from a list of three (3) or more names
6 submitted by the local county hotel and motel association, provided that if
7 only one (1) local hotel and motel association exists which covers both the
8 city and county, then three (3) commissioners shall be appointed from a list of
9 six (6) or more names submitted by it. If no formal local city or county hotel
10 and motel association is in existence upon the establishment of a commission
11 or upon the expiration of the term of a commissioner appointed pursuant to
12 this subsection, then up to three (3) commissioners shall be appointed by the
13 appropriate chief executive officer or officers from persons residing within the
14 jurisdiction of the commission and representing local hotels or motels. A local
15 city or county hotel and motel association shall not be required to be affiliated
16 with the Kentucky Hotel and Motel Association to be recognized as the
17 official local city or county hotel and motel association.

18 (b) One (1) commissioner shall be appointed from a list of three (3) or more
19 names submitted by the local restaurant association or associations. If no
20 formal local restaurant association or associations exist upon the
21 establishment of a commission or upon the expiration of the term of a
22 commissioner appointed pursuant to this subsection, then one (1)
23 commissioner shall be appointed by the appropriate chief executive officer or
24 officers from persons residing within the jurisdiction of the commission and
25 representing a local restaurant. A local restaurant association or associations
26 shall not be required to be affiliated with the Kentucky Restaurant Association
27 to be recognized as the official local restaurant association or associations.

1 (c) One (1) commissioner shall be appointed from a list of three (3) or more
2 names submitted by the chamber or chambers of commerce existing within
3 those governmental units, which by joint or separate action have established
4 the commission. If the commission is established by joint action of a county
5 and a city or cities, then each chamber of commerce shall submit a list of three
6 (3) names, and the chief executive officers of the participating governmental
7 units shall jointly appoint one (1) commission member from the aggregate list.
8 If no local chamber of commerce is in existence upon the establishment of a
9 commission or upon the expiration of the term of a commissioner appointed
10 pursuant to this subsection, then one (1) commissioner shall be appointed by
11 the appropriate chief executive officer or officers from persons residing within
12 the jurisdiction of the commission and representing local businesses.

13 (d) Two (2) commissioners shall be appointed in the following manner:

- 14 1. By the chief executive officer of the county or city, if the commission
15 has been established by separate action of a county or city; or
- 16 2. One (1) each by the chief executive officer of the county and by the chief
17 executive officer of the most populous city participating in the
18 establishment of the commission, if the commission has been
19 established by joint action of a county and a city or cities.

20 (2) A candidate submitted for appointment to the commission, pursuant to subsection
21 (1)(a) to (1)(c), shall be appointed by the appropriate chief executive officer or
22 officers within thirty (30) days of the receipt of the required list or lists. Vacancies
23 shall be filled in the same manner that original appointments are made.

24 (3) The commissioners shall be appointed for terms of three (3) years, provided, that in
25 making the initial appointments, the appropriate chief executive officer or officers
26 shall appoint two (2) commissioners for a term of three (3) years, two (2)
27 commissioners for a term of two (2) years and three (3) commissioners for a term of

1 one (1) year. There shall be no limitation on the number of terms to which a
2 commissioner is reappointed. Subsequent appointments shall be for three (3) year
3 terms.

4 (4) The commission shall elect from its membership a chairman and a treasurer, and
5 may employ personnel and make contracts necessary to carry out the purpose of
6 KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~. The contracts may include, but
7 shall not be limited to, the procurement of promotional services, advertising
8 services, and other services and materials relating to the promotion of tourist and
9 convention business. Contracts of the type enumerated shall be made only with
10 persons, organizations, and firms with experience and qualifications for providing
11 promotional services and materials, such as advertising firms, chambers of
12 commerce, publishers, and printers.

13 (5) The books of the commission and its account as established in KRS 91A.390(2)
14 shall be audited as provided in KRS 65A.030. The independent certified public
15 accountant or Auditor of Public Accounts shall make a report to the commission, to
16 the associations submitting lists of names from which commission members are
17 selected, to the appropriate chief executive officer or officers, to the State Auditor
18 of Public Accounts, and to the local governing body or bodies that established the
19 commission that was audited. A copy of the audit report shall be made available by
20 the commission to members of the public upon request and at no charge.

21 (6) A commissioner may be removed from office, by joint or separate action, of the
22 appropriate chief executive officer or officers of the local governing body or bodies
23 that established the commission, as provided by KRS 65.007.

24 (7) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.

25 ➔Section 16. KRS 91A.370 is amended to read as follows:

26 (1) Except in a county containing a consolidated local government, the commission
27 established pursuant to KRS 91A.350(1) shall be composed of nine (9) members to

1 be appointed by the mayor of the largest city in the county, the county
2 judge/executive and the Governor of the Commonwealth.

3 (2) Except in a county containing a consolidated local government, the mayor of the
4 largest city in the county shall appoint three (3) commissioners in the following
5 manner:

6 (a) One (1) commissioner from a list submitted by the local city hotel and motel
7 association;

8 (b) One (1) commissioner from a list submitted by the chamber of commerce of
9 the largest city in the county; and

10 (c) One (1) commissioner from a list submitted by the local restaurant association
11 or associations.

12 (3) Except in a county containing a consolidated local government, the county
13 judge/executive shall, with the approval of the fiscal court, appoint three (3)
14 commissioners in the following manner:

15 (a) One (1) commissioner from a list submitted by the local county hotel and
16 motel association, provided that if only one (1) local hotel and motel
17 association exists which covers both the city and county, then the local hotel
18 and motel association shall submit a list to the county judge/executive;

19 (b) One (1) commissioner from a list submitted by the board of directors of the
20 largest incorporated Thoroughbred horse racing concern in the county, which
21 list shall contain only directors, officers, or employees of that corporation; and

22 (c) One (1) commissioner who is a resident of the county and who has an active
23 interest in the convention and tourist industry.

24 (4) Except in a county containing a consolidated local government, the Governor shall
25 appoint three (3) commissioners in the following manner:

26 (a) One (1) commissioner from a list submitted by the State Fair Board;

27 (b) One (1) commissioner from a list submitted by the local countywide air board;

1 and

2 (c) One (1) commissioner shall be appointed, in those counties not containing a
3 consolidated local government, who is a resident of the county. In those
4 counties containing a consolidated local government, one (1) commissioner
5 shall be appointed who is a resident of the area comprising the consolidated
6 local government.

7 (5) Vacancies shall be filled in the manner that original appointments are made.

8 (6) When a list as provided in subsections (2) and (3) of this section contains less than
9 three (3) names or when a selection from such list is not made, the appointing
10 authority shall request in writing the submission of a new list of names.

11 (7) Except in a county containing a consolidated local government, the commissioners
12 shall be appointed for a term of three (3) years, provided that in making the initial
13 appointments, the mayor, county judge/executive, and Governor of the
14 Commonwealth shall each appoint one (1) commissioner for a term of one (1) year,
15 one (1) commissioner for a term of two (2) years, and one (1) commissioner for a
16 term of three (3) years.

17 (8) Upon the establishment of a consolidated local government in a county where a city
18 of the first class and a county containing such city have had in effect a cooperative
19 compact pursuant to KRS 79.310 to 79.330, the commission shall have nine (9)
20 members. Six (6) members of the commission shall be appointed by the mayor of
21 the consolidated local government pursuant to the provisions of KRS 67C.139 for a
22 term of three (3) years. The Governor of the Commonwealth shall appoint three (3)
23 members of the commission for a term of three (3) years. Incumbent members upon
24 the establishment of the consolidated local government shall continue to serve as
25 members of the board for the time remaining of their current term of appointment.

26 (9) The commission shall elect from its membership a chairman and a treasurer, and
27 may employ such personnel and make such contracts as are necessary to effectively

1 carry out the purposes of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~. Such
2 contracts may include but shall not be limited to the procurement of promotional
3 services, advertising services, and other services and materials relating to the
4 promotion of tourist and convention business; provided, contracts of the type
5 enumerated shall be made only with persons, organizations, and firms with
6 experience and qualifications for providing promotional services and materials such
7 as advertising firms, chambers of commerce, publishers, and printers.

8 (10) The books of the commission shall be audited by an independent auditor who shall
9 make a report to the commission, to the organizations submitting names from which
10 commission members are selected, and to the mayor of a city or a consolidated local
11 government, the county judge/executive in counties not containing a consolidated
12 local government, and the Governor of the Commonwealth.

13 (11) Commission members appointed by the Governor shall serve at the pleasure of the
14 Governor. Commission members appointed by the mayor of a city or a consolidated
15 local government or the county judge/executive may be removed as provided by
16 KRS 65.007.

17 (12) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.

18 ➔Section 17. KRS 91A.372 is amended to read as follows:

19 (1) The commission established pursuant to KRS 91A.350(2) by an urban-county
20 government shall be composed of nine (9) members appointed by the mayor of the
21 urban-county government in the following manner:

22 (a) Three (3) commissioners from a list submitted by the local hotel and motel
23 association.

24 (b) One (1) commissioner from a list submitted by the local restaurant association
25 or associations.

26 (c) One (1) commissioner from a list submitted by the local chamber of
27 commerce.

- 1 (d) Four (4) commissioners who shall be residents of the urban-county.
- 2 (2) Vacancies shall be filled in the same manner that original appointments are made.
- 3 (3) The commissioners shall be appointed for terms of three (3) years, provided, that in
4 making the initial appointments, the chief elective official of the urban-county shall
5 appoint three (3) commissioners for a term of three (3) years, three (3)
6 commissioners for a term of two (2) years and three (3) commissioners for a term of
7 one (1) year.
- 8 (4) The commission shall elect from its membership a chairman and a treasurer, and
9 may employ such personnel and make such contracts as are necessary to effectively
10 carry out the purpose of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~. Such
11 contracts may include but shall not be limited to the procurement of promotional
12 services, advertising services and other services and materials relating to the
13 promotion of tourist and convention business; provided, contracts of the type
14 enumerated shall be made only with persons, organizations, and firms with
15 experience and qualifications for providing promotional services and materials,
16 such as event coordinators, advertising firms, chambers of commerce, publishers
17 and printers.
- 18 (5) The books of the commission shall be audited as provided in KRS 65A.030. The
19 independent certified public accountant or Auditor of Public Accounts shall make a
20 report to the commission, to the organizations submitting names from which
21 commission members are selected, and to the mayor of the urban-county
22 government.
- 23 (6) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.
- 24 ➔Section 18. KRS 91A.380 is amended to read as follows:
- 25 (1) The commission established pursuant to KRS 91A.350(3) shall be composed of six
26 (6) members from each county to be appointed by the county judge/executive, with
27 the approval of the fiscal court in the following manner:

- 1 (a) Two (2) commissioners with an accounting, finance, or business background,
2 one (1) of whom is a member of the local chamber of commerce;
- 3 (b) One (1) commissioner selected from the public at large;
- 4 (c) One (1) commissioner from the General Assembly;
- 5 (d) One (1) commissioner representing local restaurants; and
- 6 (e) One (1) commissioner representing local hotels and motels.
- 7 (2) Vacancies shall be filled in the same manner that original appointments are made.
- 8 (3) The commissioners shall be appointed for terms of three (3) years, provided that in
9 making the initial appointments, the county judge/executive shall appoint two (2)
10 commissioners for a term of three (3) years, two (2) commissioners for a term of
11 two (2) years, and two (2) commissioners for a term of one (1) year.
- 12 (4) The commission shall elect from its membership a chairman and a treasurer, and
13 may employ such personnel and make such contracts as are necessary to effectively
14 carry out the purpose of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~. Such
15 contracts may include but shall not be limited to the procurement of promotional
16 services, advertising services and other services and materials relating to the
17 promotion of tourist and convention business.
- 18 (5) The books of the commission and its account as established in KRS 91A.390(2)
19 shall be audited as provided in KRS 65A.030. The independent certified public
20 accountant or Auditor of Public Accounts shall make a report to the commission, to
21 the organizations submitting names from which commission members are selected,
22 and to the county judge/executive of each county. A copy of the audit report shall be
23 made available by the commission to members of the public upon request and at no
24 charge.
- 25 (6) A commissioner may be removed from office as provided by KRS 65.007.
- 26 (7) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.
- 27 ➔Section 19. KRS 91A.390 is amended to read as follows:

- 1 (1) (a) The commission shall annually submit to the local governing body or bodies
2 which established it a request for funds for the operation of the commission.
- 3 (b) The local governing body or bodies shall include the commission in the
4 annual budget and shall provide funds for the operation of the commission by
5 imposing a transient room tax on the rent for every occupancy of a suite,
6 room,~~[-or]~~ rooms, *cabins, lodgings, campsites, or other accommodations*
7 charged by *any hotel, motel, inn, tourist camp, tourist cabin, campgrounds,*
8 *recreational vehicle parks, or any other place in which accommodations are*
9 *regularly furnished to transients for consideration or by any person that*
10 *facilitates the rental of the accommodations by brokering, coordinating, or*
11 *in any other way arranging for the rental of the accommodations*~~[all~~
12 ~~persons, companies, corporations, or other like or similar persons, groups, or~~
13 ~~organizations doing business as motor courts, motels, hotels, inns, or like or~~
14 ~~similar accommodations businesses]~~ as follows:
- 15 1. For a local governing body or bodies, other than an urban-county
16 government, the tax rate shall not exceed three percent (3%); and
 - 17 2. For an urban-county government, the tax rate shall not exceed four
18 percent (4%).
- 19 (c) In addition to the three percent (3%) levy authorized by paragraph (b)1. of this
20 subsection, the local governing body other than an urban-county government
21 may impose a special transient room tax not to exceed one percent (1%) for
22 the purposes of:
- 23 1. Meeting the operating expenses of a convention center; and
 - 24 2. In the case of a consolidated local government, financing the renovation
25 or expansion of a convention center that is government-owned and
26 located in the central business district of the consolidated local
27 government, except that if a consolidated local government imposes the

1 special transient room tax authorized under this paragraph on or after
2 August 1, 2014, revenue derived from the levy shall not be used to meet
3 the operating expenses of a convention center until any debt issued for
4 financing the renovation or expansion of a government-owned
5 convention center located in the central business district of the
6 consolidated local government is retired.

7 (d) Transient room taxes shall not apply to rooms, lodgings, campsites, or
8 accommodations supplied for a continuous period~~[the rental or leasing of an~~
9 ~~apartment supplied by an individual or business that regularly holds itself out~~
10 ~~as exclusively providing apartments. Apartment means a room or set of~~
11 ~~rooms, in an apartment building, fitted especially with a kitchen and usually~~
12 ~~leased as a dwelling for a minimum period]~~ of thirty (30) days or more to a
13 person.

14 (e) The local governing body or bodies that have established a commission by
15 joint or separate action shall enact an ordinance for the enforcement of the tax
16 measure enacted pursuant to this section and the collection of the proceeds of
17 this tax measure on a monthly basis.

18 (2) All moneys collected pursuant to this section and KRS 91A.400 shall be maintained
19 in an account separate and unique from all other funds and revenues collected, and
20 shall be considered tax revenue for the purposes of KRS 68.100 and KRS 92.330.

21 (3) A portion of the money collected from the imposition of this tax, as determined by
22 the tax levying body, upon the advice and consent of the tourist and convention
23 commission, may be used to finance the cost of acquisition, construction, operation,
24 and maintenance of facilities useful in the attraction and promotion of tourist and
25 convention business, including projects described in KRS 154.30-050(2)(a). The
26 balance of the money collected from the imposition of this tax shall be used for the
27 purposes set forth in KRS 91A.350. Proceeds of the tax shall not be used as a

- 1 subsidy in any form to any hotel, motel, inn, motor court, tourist camp, tourist
2 cabin, campgrounds, recreational vehicle parks, or any other person furnishing
3 accommodations, or restaurant, except as provided in KRS 154.30-050(2)(a)3.c.
4 Money not expended by the commission during any fiscal year shall be used to
5 make up a part of the commission's budget for its next fiscal year.
- 6 (4) A county with a city of the first class may impose an additional tax, not to exceed
7 one and one-half percent (1.5%) of the ~~room~~ rent. This additional tax, if approved
8 by the local governing body, shall be collected and administered in the same manner
9 as the ~~regular~~ tax authorized by subsection (1)(b) of this section and shall be used
10 for the purpose of funding additional promotion of tourist and convention business.
- 11 (5) An urban-county government may impose an additional tax, not to exceed one
12 percent (1%) of the ~~room~~ rents included in this subsection. This additional tax
13 shall be collected and administered in the same manner as the ~~regular~~ tax
14 authorized by subsection (1)(b) of this section with the exception that this
15 additional tax shall be used for the purpose of funding the purchase of development
16 rights program provided for under KRS 67A.845.
- 17 (6) Local governing bodies which have formed multicounty tourist and convention
18 commissions as provided by KRS 91A.350(3) may impose an additional tax, not to
19 exceed one percent (1%) of the ~~room~~ rents. This additional tax, if approved by
20 each governing body, shall be collected and administered in the same manner as the
21 ~~regular~~ tax authorized by subsection (1)(b) of this section, with the exception that
22 this additional tax shall be used for the purpose of funding regional efforts relating
23 to the promotion of tourist and convention business and convention centers. In no
24 event shall any revenues collected as provided for under KRS 91A.350(3) be
25 utilized for the construction, renovation, maintenance, or additions to any
26 convention center that is located outside the boundaries of the Commonwealth of
27 Kentucky.

- 1 (7) The commission, with the approval of the tax levying body, may borrow money to
2 pay its obligations that cannot be paid at maturity out of current revenue from the
3 transient room tax, but shall not borrow a sum greater than can be repaid out of the
4 revenue anticipated from the transient room tax during the year the money is
5 borrowed. The commission may pledge its securities for the repayment of any sum
6 borrowed.
- 7 (8) The fiscal court or legislative body of a consolidated local government or city
8 establishing a commission pursuant to KRS 91A.350(1) or (2) and, in its own name,
9 a commission established pursuant to of KRS 91A.350(1) is authorized and
10 empowered to issue revenue bonds pursuant to KRS Chapter 58 for public projects.
11 Bonds issued for the purposes of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~,
12 may be used to pay any cost for the acquisition of real estate, the construction of
13 buildings and appurtenances, the preparation of plans and specifications, and legal
14 and other services incidental to the project or to the issuance of the bonds. The
15 payment of the bonds, with interest, may be secured by a pledge of and a first lien
16 on all of the receipts and revenue derived, or to be derived, from the rental or
17 operation of the property involved. Bond and interest obligations issued pursuant to
18 this section shall not constitute an indebtedness of the county, consolidated local
19 government, or city. All bonds sold under the authority of this section shall be
20 subject to competitive bidding as provided by law, and shall bear interest at a rate
21 not to exceed that established for bonds issued for public projects under KRS
22 Chapter 58.
- 23 (9) A commission established pursuant to KRS 91A.350(3) is authorized and
24 empowered to issue revenue bonds in its own name, payable solely from its income
25 and revenue, pursuant to KRS Chapter 58 for revenue bonds for public projects.
26 Bonds issued for the purposes of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~,
27 may be used to pay any cost for the acquisition of real estate, the construction of

1 buildings and appurtenances, the preparation of plans and specifications, and legal
 2 and other services incidental to the project or to the issuance of the bonds. The
 3 payment of the bonds, with interest, may be secured by a pledge of and a first lien
 4 on all of the receipts and revenue derived, or to be derived, from the rental or
 5 operation of the property involved. Bond and interest obligations issued pursuant to
 6 this section shall not constitute an indebtedness of the county. All bonds sold
 7 pursuant to this section shall be subject to competitive bidding as provided by law,
 8 and shall not bear interest at rates exceeding those for bonds issued for public
 9 projects under KRS Chapter 58.

10 ➔Section 20. KRS 91A.392 is amended to read as follows:

- 11 (1) In addition to the three percent (3%) transient room tax authorized by KRS
 12 91A.390(1)(b), and the one percent (1%) transient room tax authorized by KRS
 13 153.440, a consolidated local government, or the fiscal court in a county containing
 14 an authorized city, except those counties that are included in a multicounty tourist
 15 and convention commission under KRS 91A.350, may levy an additional transient
 16 room tax not to exceed two percent (2%) of the rent for every occupancy of a suite,
 17 room, ~~or~~ rooms, *cabin, lodgings, campsites or other accommodations* charged by
 18 *any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational*
 19 *vehicle parks, or other place in which accommodations are regularly furnished to*
 20 *transients for a consideration or by any person that facilitates the rental of the*
 21 *accommodations by brokering, coordinating, or in any other way arranging for*
 22 *the rental of the accommodations for consideration*~~[all persons, companies,~~
 23 ~~corporations, or other similar persons, groups, or organizations doing business as~~
 24 ~~motor courts, motels, hotels, inns, or similar accommodations businesses].~~
- 25 (2) *The taxes imposed under this section shall not apply to rooms, lodgings,*
 26 *campsites, or accommodations supplied for a continuous period of thirty (30)*
 27 *days or more to a person.*

1 **(3)** (a) Except as otherwise provided in paragraph (b) of this subsection, all money
2 collected from the tax authorized by this section shall be applied toward the
3 retirement of bonds issued pursuant to KRS 91A.390(8) to finance in part the
4 expansion or construction or operation of a governmental or nonprofit
5 convention center or fine arts center useful to the promotion of tourism
6 located in the central business district of the consolidated local government or
7 the authorized city located in the county.

8 (b) 1. This paragraph shall apply to the tax levied pursuant to this section,
9 prior to July 1, 2015, by a fiscal court of a county having a population
10 between seventy-five thousand (75,000) and one hundred thousand
11 (100,000) based on the 2010 federal decennial census.

12 2. When, in any fiscal year, the money collected from the tax authorized by
13 this section exceeds the amount required to satisfy the annual debt
14 service for the bond for that fiscal year, all or a portion of the excess
15 amount collected for that fiscal year may be used to defray the costs to
16 operate, renovate, or expand the governmental or nonprofit convention
17 center or fine arts center described in paragraph (a) of this subsection, if
18 an amount equal to one (1) year's required debt service is held in reserve
19 to satisfy any future debt service obligations of the bond.

20 ~~(4)~~~~(3)~~ After the retirement of the bonds provided for in this section, the additional
21 transient room tax levied pursuant to this section shall be void, and the consolidated
22 local government or fiscal court shall take action to repeal the ordinance which
23 levied the tax.

24 ~~(5)~~~~(4)~~ As used in this section, "authorized city" means a city of the first class and a
25 city included on the registry maintained by the Department for Local Government
26 under subsection ~~(6)~~~~(5)~~ of this section.

27 ~~(6)~~~~(5)~~ On or before January 1, 2015, the Department for Local Government shall

1 create and maintain a registry of cities that, as of August 1, 2014, were classified as
2 cities of the second class. The Department for Local Government shall make the
3 information included on the registry available to the public by publishing it on its
4 Web site.

5 ➔Section 21. KRS 91A.394 is amended to read as follows:

6 Any resident of the county may bring an action in the Circuit Court to enforce the
7 provisions of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~. The Circuit Court shall
8 hear the action and, on a finding that the commission has violated the provisions of KRS
9 91A.345 to 91A.394~~[91A.350 to 91A.390]~~, shall order the commission to comply with
10 the provisions. The Circuit Court, in its discretion, may allow the prevailing party, other
11 than the commission, court costs, to be paid from the commission's account.

12 ➔Section 22. KRS 91A.400 is amended to read as follows:

13 (1) As used in this section, "authorized city" means a city on the registry maintained by
14 the Department for Local Government under subsection (2) of this section.

15 (2) On or before January 1, 2015, the Department for Local Government shall create
16 and maintain a registry of cities that, as of January 1, 2014, were classified as cities
17 of the fourth or fifth class. The Department for Local Government shall make the
18 information included on the registry available to the public by publishing it on its
19 Web site.

20 (3) In addition to the three percent (3%) transient room tax authorized by KRS 91A.390
21 (1)(b), the city legislative body in an authorized city may levy an additional
22 restaurant tax not to exceed three percent (3%) of the retail sales by all restaurants
23 doing business in the city. All moneys collected from the tax authorized by this
24 section shall be turned over to the tourist and convention commission established in
25 that city as provided by KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~.

26 ➔Section 23. KRS 153.440 is amended to read as follows:

27 (1) As used in this section and Section 24 of this Act:

1 (a) "Person" has the same meaning as in Section 14 of this Act; and

2 (b) "Rent" has the same meaning as in Section 14 of this Act;

3 (2) In addition to the three percent (3%) transient room tax authorized by KRS
 4 91A.390(1)(b), fiscal courts in counties containing cities of the first class or
 5 consolidated local governments may levy an additional transient room tax not to
 6 exceed one percent (1%) of the rent for every occupancy of a suite, room,~~or~~
 7 rooms, *cabins, lodgings, campsites or other accommodations* charged by *any*
 8 *hotel, motel, inn, tourist camp, tourist cabins, campgrounds, recreational vehicle*
 9 *parks, or other place in which accommodations are regularly furnished to*
 10 *transients for a consideration or by any person that facilitates the rental of the*
 11 *accommodations by brokering, coordinating, or in any other way arranging for*
 12 *the rental of the accommodations for consideration*~~[all persons, companies,~~
 13 ~~corporations, or other like or similar persons, groups, or organizations doing~~
 14 ~~business as motor courts, motels, hotels, inns, or like or similar accommodations'~~
 15 ~~businesses].~~

16 (3) The tax imposed under this section shall not apply to rooms, lodgings, campsites,
 17 or accommodations supplied for a continuous period of thirty (30) days or more
 18 to a person.

19 (4) All moneys collected from the tax authorized by this section shall be turned over to
 20 the Kentucky Center for the Arts Corporation and shall be used to defray operating
 21 costs of the Kentucky Center for the Arts.

22 ➔Section 24. KRS 153.450 is amended to read as follows:

23 (1) In addition to the four percent (4%) transient room tax authorized by KRS
 24 91A.390(1)(b)2., an urban-county government may levy an additional transient
 25 room tax not to exceed two percent (2%) of the rent for every occupancy of a suite,
 26 room,~~or~~ rooms, *cabins, lodgings, campsites, or other accommodations* charged
 27 by *any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational*

1 vehicle parks, or other place in which accommodations are regularly furnished to
 2 transients for a consideration or by any person that facilitates the rental of the
 3 accommodations by brokering, coordinating, or in any other way arranging for
 4 the rental of the accommodations for consideration~~[all persons, companies,~~
 5 ~~corporations, or other like or similar persons, groups, or organizations doing~~
 6 ~~business as motor courts, motels, hotels, inns, or like or similar accommodations'~~
 7 ~~businesses].~~

8 (2) All additional moneys collected from the tax authorized by subsection (1) of this
 9 section shall be applied toward the retirement of bonds used to finance a nonprofit
 10 corporation which is created for the funding, construction, and management of a
 11 convention center in an urban-county, and to defray the operating costs of the
 12 nonprofit corporation.

13 (3) (a) As used in this subsection, "project" means the renovation, expansion, or
 14 improvement of a convention center on or after July 15, 2016.

15 (b) In addition to the levy authorized by subsection (1) of this section, an urban-
 16 county government may levy an additional transient room tax not to exceed
 17 two and one-half percent (2.5%) to provide funding for a project.

18 (c) Proceeds from the levy shall be used only for the direct expenditure for, or
 19 repayment of debt associated with, the project.

20 (d) The levy shall sunset upon completion of the project and repayment of all
 21 associated debt.

22 (4) The taxes imposed under this section shall not apply to rooms, lodgings,
 23 campsites, or accommodations supplied for a continuous period of thirty (30)
 24 days or more to a person.

25 ➔Section 25. KRS 142.400 is amended to read as follows:

26 (1) As used in this section:

27 (a) "Person" has the same meaning as in Section 14 of this Act; and

1 (b) "Rent" has the same meaning as in Section 14 of this Act.

2 (2) A state-wide transient room tax shall be imposed at a rate of one percent (1%) of the
 3 rent for every occupancy of any suite, room, rooms, ~~[or]~~ cabins, lodgings,
 4 campsites, or other accommodations charged by any hotel, motel, inn, tourist
 5 camp, tourist cabin, campgrounds, recreational vehicle parks, or other place in
 6 which accommodations are regularly furnished to transients for a consideration
 7 or by any person that facilitates the rental of the accommodations by brokering,
 8 coordinating, or in any other way arranging for the rental of the
 9 accommodations for consideration~~[all persons, companies, corporations, groups,~~
 10 ~~or organizations doing business as motor courts, motels, hotels, inns, tourist camps,~~
 11 ~~or like or similar accommodations businesses].~~

12 (2) As used in this subsection, rent shall not include any other local or state taxes paid
 13 by the person or entity renting the accommodations.

14 (3)~~(2)~~ The tax imposed by subsection (1) of this section shall not apply to rooms,
 15 lodgings, campsites, or accommodations supplied~~[to the rental or lease of any~~
 16 ~~room or set of rooms that is equipped with a kitchen, in an apartment building, and~~
 17 ~~that is usually leased as a dwelling]~~ for a continuous period of thirty (30) days or
 18 more to a person~~[by an individual or business that regularly holds itself out as~~
 19 ~~exclusively providing apartments].~~

20 ➔Section 26. KRS 65.060 is amended to read as follows:

21 As used in KRS 65.008, 65.009, 65.065 and 65.070, the term "district" shall mean and the
 22 provisions of KRS 65.008, 65.009, 65.065 and 65.070 shall apply to any board,
 23 commission, or special district created pursuant to the following statutes: KRS 39F.020,
 24 39F.160; KRS 65.160, 65.162, 65.210 to 65.300, 65.510 to 65.650; KRS 74.010 to
 25 74.415; KRS 75.010 to 75.260; KRS 76.005 to 76.210, 76.241 to 76.273, 76.274 to
 26 76.279, 76.295 to 76.420, 76.600 to 76.640; KRS 77.005 to 77.305; KRS 80.262 to
 27 80.610; KRS 91A.345 to 91A.394~~[91A.350 to 91A.390];~~ KRS 96A.010 to 96A.230; KRS

1 104.450 to 104.680; KRS 107.310 to 107.500; KRS 108.010 to 108.070, 108.080 to
2 108.180; KRS 109.056, 109.059, 109.115 to 109.190; KRS 147.610 to 147.705; KRS
3 147A.050 to 147A.120; KRS 154.50-301 to 154.50-346; KRS 164.605 to 164.675; KRS
4 173.450 to 173.650, 173.710 to 173.800; KRS 179.700 to 179.735; KRS 183.132 to
5 183.160; KRS 184.010 to 184.300; KRS 210.460 to 210.480; KRS 212.720 to 212.755;
6 KRS 216.310 to 216.360; KRS 220.010 to 220.613; KRS 262.100 to 262.660, 262.700 to
7 262.990; KRS 266.010 to 266.990; KRS 267.010 to 267.990; KRS 268.010 to 268.990;
8 or KRS 273.405 to 273.453.

9 ➔Section 27. KRS 45A.077 is amended to read as follows:

10 (1) A public-private partnership delivery method may be utilized as provided in this
11 section and administrative regulations promulgated thereunder. State contracts
12 using this method shall be awarded by competitive negotiation.

13 (2) A contracting body utilizing a public-private partnership shall continue to be
14 responsible for oversight of any function that is delegated to or otherwise performed
15 by a private partner.

16 (3) On or before December 31, 2016, the secretary of the Finance and Administration
17 Cabinet shall promulgate administrative regulations setting forth criteria to be used
18 in determining when a public-private partnership is to be used for a particular
19 project. The administrative regulations shall reflect the intent of the General
20 Assembly to promote and encourage the use of public-private partnerships in the
21 Commonwealth. The secretary shall consult with design-builders, construction
22 managers, contractors, design professionals including engineers and architects, and
23 other appropriate professionals during the development of these administrative
24 regulations.

25 (4) A request for proposal for a project utilizing a public-private partnership shall
26 include at a minimum:

27 (a) The parameters of the proposed public-private partnership agreement;

- 1 (b) The duties and responsibilities to be performed by the private partner or
2 partners;
- 3 (c) The methods of oversight to be employed by the contracting body;
- 4 (d) The duties and responsibilities that are to be performed by the contracting
5 body and any other partners to the contract;
- 6 (e) The evaluation factors and the relative weight of each to be used in the scoring
7 of awards;
- 8 (f) Plans for financing and operating the qualifying project and the revenues,
9 service payments, bond financings, and appropriations of public funds needed
10 for the qualifying project;
- 11 (g) Comprehensive documentation of the experience, capabilities, capitalization
12 and financial condition, and other relevant qualifications of the private entity;
- 13 (h) The ability of a private partner or partners to quickly respond to the needs
14 presented in the request for proposal, and the importance of economic
15 development opportunities represented by the qualifying project. In evaluating
16 proposals, preference shall be given to a plan that includes the involvement of
17 small businesses as subcontractors, to the extent that small businesses can
18 provide services in a competitive manner, unless any preference interferes
19 with the qualification for federal or other funds; and
- 20 (i) Other information required by the contracting body or the cabinet to evaluate
21 the proposals submitted by respondents and the overall proposed public-
22 private partnership.
- 23 (5) A private entity desiring to be a private partner shall demonstrate to the satisfaction
24 of the contracting body or the cabinet that it is capable of performing any duty,
25 responsibility, or function it may be authorized or directed to perform as part of the
26 public-private partnership agreement.
- 27 (6) When a request for proposal for a project utilizing a public-private partnership is

1 issued for a capital project, the contracting body shall transmit a copy of the request
2 for proposal to the Capital Projects and Bond Oversight Committee staff, clearly
3 identifying to the staff that a public-private partnership is being utilized. The
4 contracting body shall submit the final contract to the Capital Projects and Bond
5 Oversight Committee under KRS 45.763 before work may be begun on the project.

6 (7) A request for proposal or other solicitation may be canceled, or all proposals may be
7 rejected, if it is determined in writing that the action is taken in the best interest of
8 the Commonwealth and approved by the purchasing officer.

9 (8) (a) Beginning July 1, ~~2024~~~~[2022]~~, in the case of any public-private partnership for
10 a capital project with an aggregate value of twenty-five million dollars
11 (\$25,000,000) or more, the project shall be authorized by the General
12 Assembly, by inclusion in the branch budget bill or by any other means
13 specified by the General Assembly, explicitly identifying and authorizing the
14 utilization of a public-private partnership delivery method for the applicable
15 capital project. The authorization of a capital project required by this
16 subsection is in addition to any other statutorily required authorization for a
17 capital project.

18 (b) The provisions of this subsection shall not apply to any public-private
19 partnership project made public through a request for proposal or a public
20 notice of an unsolicited proposal issued prior to July 1, ~~2024~~~~[2022]~~.

21 (9) Any corporation as described by KRS 45.750(2)(c), or as created under the
22 Kentucky Revised Statutes as a governmental agency and instrumentality of the
23 Commonwealth, that manages its capital construction program shall:

24 (a) Adhere to the administrative regulations promulgated under this section when
25 utilizing a public-private partnership for financing capital projects;

26 (b) Report to legislative committees as specified in this section; and

27 (c) Submit public-private partnership agreements issued by it to the General

1 Assembly for authorization as provided in subsection (8) of this section.

2 (10) (a) The governing body of a postsecondary institution that manages its capital
3 construction program under KRS 164A.580 shall report to the Capital Projects
4 and Bond Oversight Committee staff as specified in this section.

5 (b) Any provision of a public-private partnership agreement issued by a
6 postsecondary institution which provides for a lease by or to the
7 postsecondary institution shall be valid and enforceable if approved by the
8 governing board of the institution.

9 (11) (a) A person or business may submit an unsolicited proposal to a governmental
10 body, which may receive the unsolicited proposal.

11 (b) Within ninety (90) days of receiving an unsolicited proposal, a governmental
12 body may elect to consider further action on the proposal, at which point the
13 governmental body shall provide public notice of the proposal. Discussion of
14 the project shall not be deemed a solicitation of the project or its concepts
15 after public notice is given. The public notice shall:

16 1. Provide specific information regarding the proposed nature, timing, and
17 scope of the unsolicited proposal, except that trade secrets, financial
18 records, or other records of the person or business making the proposal
19 shall not be posted unless otherwise agreed to by the governmental body
20 and the person or business; and

21 2. Provide for a notice period for the submission of competing proposals as
22 follows:

23 a. Unsolicited proposals valued below five million dollars
24 (\$5,000,000) shall be posted for thirty (30) days;

25 b. Unsolicited proposals valued between five million dollars
26 (\$5,000,000) and twenty-five million dollars (\$25,000,000) shall
27 be posted for sixty (60) days; and

1 c. Unsolicited proposals valued over twenty-five million dollars
2 (\$25,000,000) shall be posted for ninety (90) days.

3 (c) Upon the end of the notice period provided under paragraph (b)2. of this
4 subsection, the governmental body may consider the unsolicited proposal and
5 any competing proposals received. If the governmental body determines it is
6 in the best interest of the Commonwealth to implement some or all of the
7 concepts contained within the unsolicited proposal or competing proposals
8 received by it, the governmental body may begin an open, competitive
9 procurement process to do so pursuant to this chapter.

10 (d) An unsolicited proposal shall be deemed rejected if no written response is
11 received from the governmental body within ninety (90) days of submission,
12 during which time the governmental body has not taken any action on the
13 proposal under paragraph (b) of this subsection.

14 ➔Section 28. KRS 131.130 is amended to read as follows:

15 Without limitation of other duties assigned to it by law, the following powers and duties
16 are vested in the Department of Revenue:

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

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

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

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

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

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

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

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

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

9 (8) Notwithstanding KRS Chapter 13A, the department may research the fields of
10 taxation, finance, and local government administration, publish its findings, respond
11 to the public's and taxpayers' questions, and publish its responses, as the
12 commissioner may deem wise. To assist taxpayers and the public in understanding
13 and interpreting the tax laws, the department may include examples as part of any
14 response or publication. The examples may include demonstrative, nonexclusive
15 lists of items, if the department determines that the list would be helpful to
16 taxpayers in understanding the application of the tax laws.

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

23 (10) The department may, when it is in the best interest of the Commonwealth and
24 helpful to the efficient and effective enforcement, administration, or collection of
25 sales and use tax, motor fuels tax, or the petroleum environmental assurance fee,
26 enter into agreements with out-of-state retailers or other persons for the collection
27 and remittance of sales and use tax, the motor fuels tax, or the petroleum

1 environmental assurance fee.

- 2 (11) The department may enter into annual memoranda of agreement with any state
3 agency, officer, board, commission, corporation, institution, cabinet, department, or
4 other state organization to assume the collection duties for any debts due the state
5 entity, **except for consumer debt owed for health care goods and services**, and may
6 renew that agreement for up to five (5) years. Under such an agreement, the
7 department shall have all the powers, rights, duties, and authority with respect to the
8 collection, refund, and administration of those liquidated debts as provided under:
- 9 (a) KRS Chapters 131, 134, and 135 for the collection, refund, and administration
10 of delinquent taxes; and
- 11 (b) Any applicable statutory provisions governing the state agency, officer, board,
12 commission, corporation, institution, cabinet, department, or other state
13 organization for the collection, refund, and administration of any liquidated
14 debts due the state entity.

- 15 (12) **Notwithstanding subsection (11) of this section, KRS 45.237, 45.238, 45.241, or**
16 **131.030, or any agreement to the contrary, the department shall not collect or**
17 **continue collection duties of any consumer debts owed for health care goods and**
18 **services. For the purpose of this section, "consumer debt" shall be defined as a**
19 **debt incurred by an individual, as defined in Section 42 of this Act, for a personal**
20 **or family purpose, regardless of whether an obligation has been reduced to**
21 **judgment.**

- 22 **(13)** The department may refuse to accept a personal check in payment of taxes due or
23 collected from any person who has ever tendered a check to the state which, when
24 presented for payment, was not honored. Any check so refused shall be considered
25 as never having been tendered.

26 ➔SECTION 29. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
27 READ AS FOLLOWS:

1 (1) As used in this section:

2 (a) "Department" means the Department of Revenue;

3 (b) "Distribute" means the delivery or transfer of electric power into the battery
4 or other energy storage device of an electric vehicle at a location in this
5 state;

6 (c) "Electric vehicle power" means electrical energy distributed into the battery
7 or other energy storage device of an electric vehicle to be used to power the
8 vehicle;

9 (d) "Electric vehicle power dealer" means a person who owns or leases an
10 electric vehicle charging station;

11 (e) "Electric vehicle" has the same meaning as in Section 30 of this Act;

12 (f) "Electric vehicle charging station" means any place accessible to general
13 public vehicular traffic where electric power may be used to charge a
14 battery or other storage device of a licensed electric vehicle; and

15 (g) "Person" has the same meaning as in Section 2 of this Act.

16 (2) On or after January 1, 2023:

17 (a) An excise tax with an initial base rate of three cents (\$0.03) per kilowatt
18 hour is imposed on electric vehicle power distributed in this state by an
19 electric vehicle power dealer for the purpose of charging electric vehicles in
20 this state; and

21 (b) A surtax with an initial base rate of three cents (\$0.03) per kilowatt hour is
22 imposed on electric vehicle power distributed in this state by an electric
23 vehicle power dealer when the electric vehicle charging station is located on
24 state property.

25 (3) (a) On or before December 1, 2022, and on or before each December 1
26 thereafter, the department shall compare the most current quarterly
27 National Highway Construction Cost Index 2.0 (NHCCI 2.0) value and

1 determine the percentage change in relation to the NHCCI 2.0 value from
2 the same quarter for the previous year.

3 (b) 1. The tax rate on January 1, 2024, and on each January 1 thereafter,
4 shall be adjusted by the change in the NHCCI 2.0 determined by
5 paragraph (a) of this subsection, unless the change is:

6 a. Greater than a five percent (5%) increase, in which case the
7 taxes shall be one hundred five percent (105%) of the tax rates in
8 effect at the close of the previous calendar year; or

9 b. Greater than a five percent (5%) decrease, in which case the
10 taxes shall be ninety-five percent (95%) of the tax rates in effect
11 at the close of the previous calendar year.

12 2. Notwithstanding subparagraph 1. of this paragraph, the tax rate shall
13 not be less than the initial base rate identified in subsection (2) of this
14 section.

15 (c) Adjustments to the tax rate shall be rounded to the nearest one-tenth of one
16 cent (\$0.001).

17 (4) At least twenty (20) days in advance of the first day of each calendar year, the
18 department shall provide notification of:

19 (a) The adjusted electric vehicle power tax rate for the upcoming calendar year
20 to all electric vehicle power dealers; and

21 (b) The adjusted electric vehicle ownership fee imposed under Section 32 of this
22 Act for the upcoming calendar year to all county clerks.

23 (5) This tax shall be:

24 (a) Administered by the department; and

25 (b) Transferred to the road fund as defined in KRS 48.010.

26 (6) (a) The tax shall be added to the selling price charged by the electric vehicle
27 power dealer at the electric vehicle charging station on electric vehicle

1 power sold in this state; or

2 (b) If there is no selling price at the charging station, the electric vehicle power
3 dealer shall be responsible for paying the tax on the electric power
4 distributed by the electric vehicle charging station, except in the case of an
5 electric vehicle charging station installed prior to July 1, 2022.

6 (7) (a) The tax imposed shall be paid by the electric vehicle power dealer to the
7 State Treasurer.

8 (b) The electric vehicle power dealer is liable for the electric vehicle power tax.

9 (8) Every electric vehicle power dealer shall, by the twenty-fifth day of each month,
10 transmit to the department reports, on the forms the department may prescribe,
11 on the total kilowatt hours distributed and the amount of tax collected. Payment
12 of the tax shall be due with the report.

13 (9) The electric vehicle power dealer shall keep and preserve an accurate record of
14 all receipts of electricity and tax together with invoices or other pertinent records
15 and papers required by the department for five (5) years.

16 (10) (a) No dealer or other person shall fail or refuse to make the returns and pay
17 the tax prescribed by this section, or refuse to permit the department or its
18 representatives appointed by the commissioner of the department in writing
19 to examine his or her records, papers, files, and equipment pertaining to the
20 taxable business.

21 (b) No person shall make an incomplete, false, or fraudulent return, or attempt
22 to do anything to avoid a full disclosure of the amount of business done or
23 to avoid the payment of the whole or any part of the tax or penalties due.

24 (c) No person shall fail to keep and preserve records of electric vehicle power
25 distributed to make reports as required by this section.

26 (11) Any person who violates any provision of this section shall be subject to the
27 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax

1 interest rate as defined in KRS 131.183.

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

10 (b) The personal and individual liability shall apply to each and every person
11 holding the corporate office at the time the taxes become or became due.

12 (c) No person will be personally and individually liable pursuant to this section
13 who had no authority in the management of the business or financial
14 affairs of the corporation at the time that the taxes imposed by this chapter
15 become or became due.

16 (13) (a) Notwithstanding any other provisions of this chapter, KRS 275.150, 362.1-
17 306(3) or predecessor law, or 362.2-404(3) to the contrary, the managers of
18 a limited liability company, the partners of a limited liability partnership,
19 and the general partners of a limited liability limited partnership or any
20 other person holding any equivalent office of a limited liability company,
21 limited liability partnership, or limited liability limited partnership subject to
22 the provisions of this chapter shall be personally and individually liable,
23 both jointly and severally, for the taxes imposed under this chapter.

24 (b) Dissolution or withdrawal of the limited liability company, limited liability
25 partnership, or limited liability limited partnership from the state, or the
26 cessation of holding any office shall not discharge the liability of any
27 person.

1 (c) The personal and individual liability shall apply to each and every manager
 2 of a limited liability company, partner of a limited liability partnership, and
 3 general partner of a limited liability limited partnership at the time the taxes
 4 become or became due.

5 (d) No person shall be personally and individually liable under this subsection
 6 who had no authority to collect, truthfully account for, or pay any tax
 7 imposed by this chapter at the time that the taxes imposed by this chapter
 8 become or became due.

9 (14) Taxes as used in this section shall include interest accrued at the rate provided by
 10 KRS 131.183, all applicable penalties imposed under this chapter, and all
 11 applicable penalties and fees imposed under KRS 131.180, 131.410 to 131.445,
 12 and 131.990.

13 (15) The department may prescribe forms and promulgate administrative regulations
 14 to execute and administer the provisions of this section.

15 ➔Section 30. KRS 186.010 is amended to read as follows:

16 As used in this chapter, unless otherwise indicated:

- 17 (1) "Cabinet," as used in KRS 186.400 to 186.640, means the Transportation Cabinet;
 18 except as specifically designated, "cabinet," as used in KRS 186.020 to 186.270,
 19 means the Transportation Cabinet only with respect to motor vehicles, other than
 20 commercial vehicles; "cabinet," as used in KRS 186.020 to 186.270, means the
 21 Department of Vehicle Regulation when used with respect to commercial vehicles;
- 22 (2) "Highway" means every way or place of whatever nature when any part of it is open
 23 to the use of the public, as a matter of right, license, or privilege, for the purpose of
 24 vehicular traffic;
- 25 (3) "Manufacturer" means any person engaged in manufacturing motor vehicles who
 26 will, under normal conditions during the year, manufacture or assemble at least ten
 27 (10) new motor vehicles;

- 1 (4) "Motor vehicle" means in KRS 186.020 to 186.260, all vehicles, as defined in
2 paragraph (a) of subsection (8) of this section, which are propelled otherwise than
3 by muscular power. As used in KRS 186.400 to 186.640, it means all vehicles, as
4 defined in paragraph (b) of subsection (8) of this section, which are self-propelled.
5 "Motor vehicle" shall not include a moped as defined in this section, but for
6 registration purposes shall include low-speed vehicles and military surplus vehicles
7 as defined in this section and vehicles operating under KRS 189.283;
- 8 (5) "Moped" means either a motorized bicycle whose frame design may include one (1)
9 or more horizontal crossbars supporting a fuel tank so long as it also has pedals, or a
10 motorized bicycle with a step-through type frame which may or may not have
11 pedals rated no more than two (2) brake horsepower, a cylinder capacity not
12 exceeding fifty (50) cubic centimeters, an automatic transmission not requiring
13 clutching or shifting by the operator after the drive system is engaged, and capable
14 of a maximum speed of not more than thirty (30) miles per hour;
- 15 (6) "Operator" means any person in actual control of a motor vehicle upon a highway;
- 16 (7) (a) "Owner" means a person who holds the legal title of a vehicle or a person who
17 pursuant to a bona fide sale has received physical possession of the vehicle
18 subject to any applicable security interest.
- 19 (b) A vehicle is the subject of an agreement for the conditional sale or lease, with
20 the vendee or lessee entitled to possession of the vehicle, upon performance of
21 the contract terms, for a period of three hundred sixty-five (365) days or more
22 and with the right of purchase upon performance of the conditions stated in
23 the agreement and with an immediate right of possession vested in the
24 conditional vendee or lessee, or if a mortgagor of a vehicle is entitled to
25 possession, the conditional vendee or lessee or mortgagor shall be deemed the
26 owner.
- 27 (c) A licensed motor vehicle dealer who transfers physical possession of a motor

1 vehicle to a purchaser pursuant to a bona fide sale, and complies with the
2 requirements of KRS 186A.220, shall not be deemed the owner of that motor
3 vehicle solely due to an assignment to his dealership or a certificate of title in
4 the dealership's name. Rather, under these circumstances, ownership shall
5 transfer upon delivery of the vehicle to the purchaser, subject to any
6 applicable security interest;

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

18 (b) As used in KRS 186.400 to 186.640, "vehicle" means every device in, upon,
19 or by which any person or property is or may be transported or drawn upon a
20 public highway, except electric low-speed scooters, devices moved by human
21 and animal power or used exclusively upon stationary rails or tracks, or which
22 derives its power from overhead wires;

23 (9) KRS 186.020 to 186.270 apply to motor vehicle licenses. KRS 186.400 to 186.640
24 apply to operator's licenses;

25 (10) "Dealer" means any person engaging in the business of buying or selling motor
26 vehicles;

27 (11) "Commercial vehicles" means all motor vehicles that are required to be registered

1 under the terms of KRS 186.050, but not including vehicles primarily designed for
2 carrying passengers and having provisions for not more than nine (9) passengers
3 (including driver), motorcycles, sidecar attachments, pickup trucks and passenger
4 vans which are not being used for commercial or business purposes, and motor
5 vehicles registered under KRS 186.060;

6 (12) "Resident" means any person who has established Kentucky as his or her state of
7 domicile. Proof of residency shall include but not be limited to a deed or property
8 tax bill, utility agreement or utility bill, or rental housing agreement. The possession
9 by an operator of a vehicle of a valid Kentucky operator's license shall be prima-
10 facie evidence that the operator is a resident of Kentucky;

11 (13) "Special status individual" means:

12 (a) "Asylee" means any person lawfully present in the United States who
13 possesses an I-94 card issued by the United States Department of Justice,
14 Immigration and Naturalization Service, on which it states "asylum status
15 granted indefinitely pursuant to Section 208 of the Immigration & Nationality
16 Act";

17 (b) "K-1 status" means the status of any person lawfully present in the United
18 States who has been granted permission by the United States Department of
19 Justice, Immigration and Naturalization Service to enter the United States for
20 the purpose of marrying a United States citizen within ninety (90) days from
21 the date of that entry;

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

26 (d) "Paroled in the Public Interest" means any person lawfully present in the
27 United States who possesses an I-94 card issued by the United States

1 Department of Justice, Immigration and Naturalization Service, on which it
2 states "paroled pursuant to Section 212 of the Immigration & Nationality Act
3 for an indefinite period of time";

4 (14) "Instruction permit" includes both motor vehicle instruction permits and motorcycle
5 instruction permits;

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

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

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

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

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

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

20 (a) Is self-propelled using an electric motor;

21 (b) Is three (3) wheeled;

22 (c) Has a fully enclosed cab and includes at least one (1) door for entry;

23 (d) Is designed to operate at a speed not to exceed forty (40) miles per hour as
24 certified by the manufacturer; and

25 (e) Is not an autocycle as defined in this section;

26 (18) "Multiple-vehicle driving range" means an enclosed area that is not part of a
27 highway or otherwise open to the public on which a number of motor vehicles may

- 1 be used simultaneously to provide driver training under the supervision of one (1) or
2 more driver training instructors;
- 3 (19) "Autocycle" means any motor vehicle that:
- 4 (a) Is equipped with a seat that does not require the operator to straddle or sit
5 astride it;
- 6 (b) Is designed to travel on three (3) wheels in contact with the ground;
- 7 (c) Is designed to operate at a speed that exceeds forty (40) miles per hour as
8 certified by the manufacturer;
- 9 (d) Allows the operator and passenger to ride either side-by-side or in tandem in a
10 seating area that may be enclosed with a removable or fixed top;
- 11 (e) Is equipped with a three (3) point safety belt system;
- 12 (f) May be equipped with a manufacturer-installed air bags or a roll cage;
- 13 (g) Is designed to be controlled with a steering wheel and pedals; and
- 14 (h) Is not an alternative-speed motorcycle as defined in this section;
- 15 (20) "Military surplus vehicle" means a multipurpose wheeled surplus military vehicle
16 that:
- 17 (a) Is not operated using continuous tracks;
- 18 (b) Was originally manufactured for and sold directly to the Armed Forces of the
19 United States; and
- 20 (c) Was originally manufactured under the federally mandated requirements set
21 forth in 49 C.F.R. sec. 571.7;
- 22 (21) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,
23 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid
24 species;
- 25 (22) "Identity document" means an instruction permit, operator's license, or personal
26 identification card issued under KRS 186.4102, 186.412, 186.4121, 186.4122, and
27 186.4123 or a commercial driver's license issued under KRS Chapter 281A;

1 (23) "Travel ID," as it refers to an identity document, means a document that complies
2 with Pub. L. No. 109-13, Title II;

3 (24) "Motor scooter" means a low-speed motorcycle that is:

- 4 (a) Equipped with wheels greater than sixteen (16) inches in diameter;
- 5 (b) Equipped with an engine greater than fifty (50) cubic centimeters;
- 6 (c) Designed to operate at a speed not to exceed fifty (50) miles per hour;
- 7 (d) Equipped with brake horsepower of two (2) or greater; and
- 8 (e) Equipped with a step-through frame or a platform for the operator's feet; ~~and~~

9 (25) "Alternative technology," as used in KRS 186.400 to 186.640, means methods used
10 by the cabinet to facilitate the issuance of operator's licenses and personal
11 identification cards outside of the normal in-person application at a cabinet office,
12 including but not limited to a cabinet mobile unit or online services;

13 **(26) "Electric motorcycle" means the same as "motorcycle" or "motor scooter" as**
14 **defined in this section, that is powered by a:**

15 **(a) Battery or equivalent energy storage device that can be charged with an**
16 **electric plug using an external electricity source; or**

17 **(b) Combination of an internal combustion engine and electric motor;**

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

20 **(a) An electric motor only; or**

21 **(b) A combination of an internal combustion engine and electric power; and**

22 **(28) "Hybrid vehicle" means any vehicle that does not have plug-in charging**
23 **capability and is powered by a combination of an internal combustion engine and**
24 **an electric motor.**

25 ➔Section 31. KRS 186.050 is amended to read as follows:

26 (1) The annual registration fee shall be eleven dollars fifty cents (\$11.50) for:

27 (a) Motor vehicles, including pickup trucks and passenger vans; and

1 (b) Motor carrier vehicles, as defined in KRS 281.010, primarily designed for
 2 carrying passengers or passengers for hire and having been designed or
 3 constructed to transport not more than fifteen (15) passengers, including the
 4 operator.

5 (2) Except as provided in KRS 186.041 and 186.162, the annual registration fee for
 6 each motorcycle shall be nine dollars (\$9).

7 (3) (a) All motor vehicles having a declared gross weight of vehicle and any towed
 8 unit of ten thousand (10,000) pounds or less, except those mentioned in
 9 subsections (1) and (2) of this section, are classified as commercial vehicles
 10 and the annual registration fee, except as provided in subsections (4) to (14) of
 11 this section, shall be eleven dollars and fifty cents (\$11.50).

12 (b) All motor vehicles, except those mentioned in subsections (1) and (2) of this
 13 section, and those engaged in hauling passengers for hire which are designed
 14 or constructed to transport more than fifteen (15) passengers including the
 15 operator, whose registration fee shall be one hundred dollars (\$100), are
 16 classified as commercial vehicles and the annual registration fee, except as
 17 provided in subsections (3)(a) and (4) to (14) of this section, shall be as
 18 follows:

19	Declared Gross Weight of Vehicle	Registration
20	and Any Towed Unit	Fee
21	10,001-14,000	30.00
22	14,001-18,000	50.00
23	18,001-22,000	132.00
24	22,001-26,000	160.00
25	26,001-32,000	216.00
26	32,001-38,000	300.00
27	38,001-44,000	474.00

1	44,001-55,000	669.00
2	55,001-62,000	1,007.00
3	62,001-73,280	1,250.00
4	73,281-80,000	1,410.00

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

1 his farm.

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

12 (c) An initial applicant for, or an applicant renewing, his or her registration
13 pursuant to this subsection, may at the time of application make a voluntary
14 contribution to be deposited into the agricultural program trust fund
15 established in KRS 246.247. The recommended voluntary contribution shall
16 be set at ten dollars (\$10) and automatically added to the cost of registration or
17 renewal unless the individual registering or renewing the vehicle opts out of
18 contributing the recommended amount. The county clerk shall collect and
19 forward the voluntary contribution to the cabinet for distribution to the
20 Department of Agriculture.

21 (5) Any person owning a truck or bus used solely in transporting school children and
22 school employees may have the truck or bus registered as a school bus and obtain a
23 license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in
24 addition to other information required, an affidavit stating that the truck or bus is
25 used solely in the transportation of school children and persons employed in the
26 schools of the district, that he has caused to be printed on each side of the truck or
27 bus and on the rear door the words "School Bus" in letters at least six (6) inches

1 high, and of a conspicuous color, and the truck or bus will be used during the next
2 twelve (12) months only for the purpose stated.

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

13 (7) Any person owning a motor vehicle with a gross weight of fourteen thousand
14 (14,000) pounds or less on which a wrecker crane or other equipment suitable for
15 wrecker service has been permanently mounted may register the vehicle and obtain
16 a license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in
17 addition to other information required, an affidavit that a wrecker crane or other
18 equipment suitable for wrecker service has been permanently mounted on such
19 vehicle and that during the next twelve (12) months the vehicle will be used only in
20 wrecker service. If the gross weight of the vehicle exceeds fourteen thousand
21 (14,000) pounds, the vehicle shall be registered in accordance with subsection (3) of
22 this section. The gross weight of a vehicle used in wrecker service shall not include
23 the weight of the vehicle being towed by the wrecker.

24 (8) Motor vehicles having a declared gross weight in excess of eighteen thousand
25 (18,000) pounds, which when operated in this state are used exclusively for the
26 transportation of property within the limits of the city named in the affidavit
27 hereinafter required to be filed, or within ten (10) miles of the city limits of the city

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

19 (9) Motor vehicles having a declared gross weight in excess of eighteen thousand
20 (18,000) pounds, which are used exclusively for the transportation of primary forest
21 products from the harvest area to a mill or other processing facility, where such mill
22 or processing facility is located at a point not more than fifty (50) air miles from the
23 harvest area or which are used exclusively for the transportation of concrete blocks
24 or ready-mixed concrete from the point at which such concrete blocks or ready-
25 mixed concrete is produced to a construction site where such concrete blocks or
26 ready-mixed concrete is to be used, where such construction site is located at a point
27 not more than thirty (30) air miles from the point at which such concrete blocks or

1 ready-mixed concrete is produced shall not be required to pay the fee as set out in
2 subsection (3) of this section, and in lieu thereof, shall pay seventy-five percent
3 (75%) of the fee set out in subsection (3) of this section and shall be exempt from
4 any fee charged under the provisions of KRS 281.752. The applicant's signature
5 upon the certificate of registration and ownership shall constitute a certification that
6 the motor vehicle will not be used during the current registration period in any
7 manner other than that for which the reduced fee is provided in this section.

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

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

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

27 (13) (a) The Department of Vehicle Regulation is authorized to negotiate and execute

1 an agreement or agreements for the purpose of developing and instituting
2 proportional registration of motor vehicles engaged in interstate commerce, or
3 in a combination of interstate and intrastate commerce, and operating into,
4 through, or within the Commonwealth of Kentucky. The agreement or
5 agreements may be made on a basis commensurate with, and determined by,
6 the miles traveled on, and use made of, the highways of this Commonwealth
7 as compared with the miles traveled on and use made of highways of other
8 states, or upon any other equitable basis of proportional registration.
9 Notwithstanding the provisions of KRS 186.020, the cabinet shall promulgate
10 administrative regulations concerning the registration of motor vehicles under
11 any agreement or agreements made under this section and shall provide for
12 direct issuance by it of evidence of payment of any registration fee required
13 under such agreement or agreements. Any proportional registration fee
14 required to be collected under any proportional registration agreement or
15 agreements shall be in accordance with the taxes established in this section.

16 (b) Any owner of a commercial vehicle who is required to title his motor vehicle
17 under this section shall first title such vehicle with the county clerk pursuant
18 to KRS 186.020 for a state fee of one dollar (\$1). Title to such vehicle may be
19 transferred; however title without proper registration shall not authorize the
20 operation or use of the vehicle on any public highway. Any commercial
21 vehicle properly titled in Kentucky may also be registered in Kentucky, and,
22 upon payment of the required fees, the department may issue an apportioned
23 registration plate to such commercial vehicle.

24 (c) Any commercial vehicle that is properly titled in a foreign jurisdiction, which
25 vehicle is subject to apportioned registration, as provided in paragraph (a) of
26 this subsection, may be registered in Kentucky, and, upon proof of proper title
27 and payment of the required fees, the department may issue an apportioned

1 registration plate to the commercial vehicle. The department shall promulgate
2 administrative regulations in accordance with this section.

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

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

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

11 (15) An applicant for any motor vehicle registration issued pursuant to this section shall
12 have the opportunity to make a donation of two dollars (\$2) to promote a hunger
13 relief program through specific wildlife management and conservation efforts by the
14 Department of Fish and Wildlife Resources in accordance with KRS 150.015. If an
15 applicant elects to make a contribution under this subsection, the two dollar (\$2)
16 donation shall be added to the regular fee for any motor vehicle registration issued
17 pursuant to this section. One (1) donation may be made per issuance of each
18 registration. The fee shall be paid to the county clerk and shall be transmitted by the
19 State Treasurer to the Department of Fish and Wildlife Resources to be used
20 exclusively for the purpose of wildlife management and conservation activities in
21 support of hunger relief. The county clerk may retain up to five percent (5%) of the
22 fees collected under this subsection for administrative costs associated with the
23 collection of this donation. Any donation requested under this subsection shall be
24 voluntary and may be refused by the applicant at the time of issuance or renewal of
25 a license plate.

26 **(16) In addition to the fees outlined in this section, the county clerk shall collect from**
27 **the registrants of electric vehicles, electric motorcycles, and hybrid vehicles the**

1 *electric vehicle ownership fees imposed in Section 32 of this Act.*

2 ➔SECTION 32. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
3 READ AS FOLLOWS:

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

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

7 *1. Battery or equivalent energy storage device that can be charged with*
8 *an electric plug using an external electricity source; or*

9 *2. Combination of an internal combustion engine and electric motor;*

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

12 *1. An electric motor only; or*

13 *2. A combination of an internal combustion engine and electric power;*
14 *and*

15 *(c) "Hybrid vehicle" means any vehicle that does not have plug-in charging*
16 *capability and is powered by a combination of an internal combustion*
17 *engine and an electric motor.*

18 *(2) At the time of initial registration, and each year upon annual vehicle registration*
19 *renewal, the county clerk shall collect, as required under Section 31 of this Act,*
20 *from the registrants of electric motorcycles, electric vehicles, and hybrid vehicles*
21 *the electric vehicle ownership fees established under subsections (3) and (4) of*
22 *this section.*

23 *(3) The electric vehicle ownership fees shall be:*

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

25 *(b) Sixty dollars (\$60) for electric motorcycles or hybrid vehicles.*

26 *(4) The Department of Revenue shall adjust the fees established in subsection (3) of*
27 *this section, on the same schedule and in the same manner as the adjustments to*

1 *the electric vehicle power taxes under Section 29 of this Act, except that:*

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

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

5 *(5) The electric vehicle ownership fees collected under this section shall be*
 6 *transferred:*

7 *(a) Fifty percent (50%) to the general fund; and*

8 *(b) Fifty percent (50%) to the road fund.*

9 ➔Section 33. KRS 131.400 is amended to read as follows:

10 (1) KRS 131.410 to 131.445 shall be known as and may be cited as the "Kentucky Tax
 11 Amnesty Act."

12 ~~(2) The department shall develop and administer tax amnesty programs as provided in~~
 13 ~~KRS 131.410 to 131.445.~~

14 ~~(3) As used in KRS 131.410 to 131.445, unless the context requires otherwise:~~

15 (a) *"Account receivable" means an amount of state or federal tax, penalty, fee,*
 16 *or interest which has been recorded as due and entered in the account*
 17 *records of the department, or which the taxpayer should reasonably expect*
 18 *to become due as a direct or indirect result of any pending or completed*
 19 *audit or investigation which the taxpayer knows is being conducted by any*
 20 *federal or state government taxing authority;*

21 (b) "Amnesty period" means the period of time established pursuant to subsection
 22 ~~(3)~~~~(4)(a) or (b)~~ of this section during which a taxpayer may apply for tax
 23 amnesty;

24 (c) *"Due and owing" means an assessment which has become final and is*
 25 *owed to the Commonwealth due to either the expiration of the taxpayer's*
 26 *appeal rights pursuant to KRS 131.110 or, if an assessment has been*
 27 *appealed, the issuance of a final order by the board or by any court of this*

1 Commonwealth. For the purposes of KRS 131.410 to 131.445, assessments
 2 that have been appealed shall be final, due and owing fifteen (15) days after
 3 the last unappealed or unappealable order sustaining the assessment or any
 4 part thereof has become final;

5 (d) "Federal government" means either the United States Department of
 6 Treasury or the Internal Revenue Service; and

7 ~~(e)~~~~(b)~~ "Taxpayer" means any individual, partnership, joint venture, association,
 8 corporation, receiver, trustee, guardian, executor, administrator, fiduciary,
 9 limited liability company, limited liability partnership, or any other entity of
 10 any kind subject to any tax set forth in subsection ~~(3)~~~~(4)~~ of this section or
 11 any person required to collect any such tax under subsection ~~(3)~~~~(4)~~ of this
 12 section;

13 ~~(c) "Account receivable" means an amount of state tax, penalty, fee, or interest~~
 14 ~~which has been recorded as due and entered in the account records of the~~
 15 ~~department, or which the taxpayer should reasonably expect to become due as~~
 16 ~~a direct or indirect result of any pending or completed audit or investigation~~
 17 ~~which the taxpayer knows is being conducted by any federal or state~~
 18 ~~government taxing authority; and~~

19 ~~(d) "Due and owing" means an assessment which has become final and is owed to~~
 20 ~~the Commonwealth due to either the expiration of the taxpayer's appeal rights~~
 21 ~~pursuant to KRS 131.110 or, if an assessment has been appealed, the issuance~~
 22 ~~of a final order by the board or by any court of this Commonwealth. For the~~
 23 ~~purposes of KRS 131.410 to 131.445, assessments that have been appealed~~
 24 ~~shall be final, due and owing fifteen (15) days after the last unappealed or~~
 25 ~~unappealable order sustaining the assessment or any part thereof has become~~
 26 ~~final].~~

27 ~~(3)~~~~(4)~~ ~~(a) Notwithstanding the provisions of any other law to the contrary, a tax~~

1 amnesty program shall be conducted by the department during the fiscal year ending
 2 June 30, 2003, for a period of not less than sixty (60) days nor more than one
 3 hundred and twenty (120) days and shall apply to all taxpayers owing taxes,
 4 penalties, fees, or interest subject to the administrative jurisdiction of the
 5 department, with the exceptions of ad valorem taxes levied on real property
 6 pursuant to KRS Chapter 132, ad valorem taxes on motor vehicles and motorboats
 7 collected by the county clerks, and ad valorem taxes on personal property levied
 8 pursuant to KRS Chapter 132 that are payable to local officials. The program shall
 9 apply to tax liabilities for taxable periods ending or transactions occurring after
 10 December 1, 1987, but prior to December 1, 2001. Amnesty tax return forms shall
 11 be in a form prescribed by the department.

12 ~~(b)~~ Notwithstanding the provisions of any other law to the contrary, a tax amnesty
 13 program shall be conducted~~[by the department during the fiscal year ending June~~
 14 ~~30, 2013,]~~ for a period of~~[not less than]~~ sixty (60) days, **beginning on October 1,**
 15 **2022, and ending on November 29, 2022**~~[nor more than one hundred twenty (120)~~
 16 ~~days]~~. The program shall be available to all taxpayers owing:

17 **(a)** Taxes, penalties, fees, or interest subject to the administrative jurisdiction of
 18 the department, with the exception of:

- 19 1. Ad valorem taxes levied on real property pursuant to KRS Chapter 132;
- 20 2. Ad valorem taxes on motor vehicles and motorboats collected by the
 21 county clerks;
- 22 3. Ad valorem taxes on personal property levied pursuant to KRS Chapter
 23 132 that are payable to local officials; and
- 24 4. Any penalties imposed under KRS 131.630 or 138.205; **and**

25 **(b)** **Federal taxes, penalties, fees, or interest referred to the department from the**
 26 **federal government for collection purposes.**

27 **(4)** **If the department is unable to secure a successful bid for the procurement of**

1 services under Section 37 of this Act, the department shall implement a tax
 2 amnesty program during a sixty (60) day period similar to the period established
 3 in subsection (3) of this section, except that the sixty (60) day period shall be held
 4 during the calendar year 2023.

5 (5) The program shall apply to tax liabilities for taxable periods ending or transactions
 6 occurring on or after ~~December 1, 2001, and prior to~~ October 1, 2011, but prior to
 7 December 1, 2021, and any federal tax liability referred to the department~~.~~
 8 ~~Amnesty tax forms and submissions shall be in a form prescribed by the~~
 9 ~~department~~.

10 ➔Section 34. KRS 131.410 is amended to read as follows:

11 (1) For any taxpayer who meets the requirements of KRS 131.420:

12 (a) 1. For taxes which are owed as a result of the nonreporting or
 13 underreporting of tax liabilities or the nonpayment of any account
 14 receivable owed by an eligible taxpayer, the Commonwealth shall waive
 15 criminal prosecution and all civil penalties and fees which may be
 16 assessed under any KRS chapter subject to the administrative
 17 jurisdiction of the department for the taxable years or periods for which
 18 tax amnesty is requested.

19 2. For the amnesty period~~periods~~ described in KRS 131.400~~(3)~~~~(4)~~, the
 20 Commonwealth shall waive interest as provided in ~~subsection (1) of~~
 21 KRS 131.425~~(1)~~.

22 (b) Except when the taxpayer and department enter into an installment payment
 23 agreement authorized under ~~subsection (3) of~~ KRS 131.420~~(3)~~, failure to pay
 24 all taxes as shown on the taxpayer's amnesty tax return shall invalidate any
 25 amnesty granted under~~pursuant to~~ KRS 131.410 to 131.445.

26 (2) This section shall not apply to any taxpayer who is on notice, written or otherwise,
 27 of a criminal investigation being conducted by an agency of the state or any political

1 subdivision thereof or the United States, nor shall this section apply to any taxpayer
 2 who is the subject of any criminal litigation which is pending on the date of the
 3 taxpayer's application in any court of this state or the United States for nonpayment,
 4 delinquency, evasion or fraud in relation to any federal taxes or to any of the taxes
 5 to which this amnesty program is applicable.

6 (3) No refund or credit shall be granted for any interest, fee, or penalty paid prior to the
 7 time the taxpayer requests amnesty pursuant to KRS 131.420.

8 (4) Unless the department in its own discretion redetermines the amount of taxes due,
 9 no refund or credit shall be granted for any taxes paid under the amnesty program.
 10 Any administrative or judicial proceeding or claim seeking the refund or recovery of
 11 any amount paid under an amnesty program is hereby barred.

12 ➔Section 35. KRS 131.420 is amended to read as follows:

13 (1) The provisions of KRS 131.400 to 131.445 shall apply to any eligible taxpayer who
 14 files an application for amnesty within the time prescribed **under subsection (3) of**
 15 **Section 33 of this Act**~~[by the department]~~ and does the following:

16 (a) Files completed tax returns for all years or tax reporting periods as stated on
 17 the application for which returns have not previously been filed and files
 18 completed amended tax returns for all years or tax reporting periods as stated
 19 on the application for which the tax liability was underreported, except in
 20 cases in which the tax liability has been established through audit;

21 (b) Pays in full the taxes due for the periods and taxes applied for at the time the
 22 application or amnesty tax returns are filed within the amnesty period and
 23 pays the amount of any additional tax owed within thirty (30) days of
 24 notification by the department;

25 (c) Pays in full within the amnesty period all taxes previously assessed by the
 26 department that are due and owing at the time the application or amnesty tax
 27 returns are filed;~~and]~~

- 1 (d) *Pays in full within the amnesty period all taxes, penalties, fees, and interest*
 2 *assessed by the federal government and referred to the department for*
 3 *collection purposes; and*
- 4 (e) With regard to the program described in KRS 131.400(3)~~[(4)(b)]~~, agrees to
 5 file all tax returns when due and make all tax payments when due for three (3)
 6 years following the date amnesty is granted to the taxpayer.
- 7 (2) An eligible taxpayer may participate in the amnesty program whether or not the
 8 taxpayer is under audit, notwithstanding the fact that the amount due is included in
 9 a proposed assessment or an assessment, bill, notice, or demand for payment issued
 10 by the department, and without regard to whether the amount due is subject to a
 11 pending administrative or judicial proceeding. An eligible taxpayer may participate
 12 in the amnesty program to the extent of the uncontested portion of any assessed
 13 liability. However, participation in the program shall be conditioned upon the
 14 taxpayer's agreement that the right to protest or initiate an administrative or judicial
 15 proceeding or to claim any refund of moneys paid under the program is barred with
 16 respect to the amounts paid under the amnesty programs.
- 17 (3) (a) The department may enter into an installment payment agreement as provided
 18 in KRS 131.081(9) in cases of severe hardship in lieu of the complete
 19 payment required under subsection (1) of this section.
- 20 (b) Failure of the taxpayer to make timely payments shall void the amnesty
 21 granted the taxpayer.
- 22 (c) ~~[1. All agreements and payments under the program described in KRS~~
 23 ~~131.400(4)(a) shall include interest as provided under subsection (2) of~~
 24 ~~KRS 131.425.~~
- 25 ~~2.]~~All agreements and payments under the program described in KRS
 26 131.400(3)~~[(4)(b)]~~ shall include interest as provided under KRS 131.425(3).
- 27 (d) All required payments under an installment payment agreement under the

1 program described in KRS 131.400~~(3)~~~~(4)(b)~~ shall be made on or before May
2 31, 2023~~[2013]~~.

3 (e) 1. If a taxpayer fails to make all required payments under paragraph (d) of
4 this subsection by May 31, 2023~~[2013]~~, the amnesty received by the
5 taxpayer shall be invalidated, and all civil penalties, fees, and interest
6 waived under the amnesty agreement shall:

7 a. Be reinstated;

8 b. Be subject to immediate collection by the department; and

9 c. Not be subject to protest under KRS 131.110.

10 2. The department may utilize any remedy allowed by law to recover the
11 amounts reinstated, and no statute of limitations shall apply.

12 (4) If, following the termination of the tax amnesty period, the department issues a
13 deficiency assessment based upon information independent of that shown on a
14 return filed pursuant to subsection (1) of this section, the department shall have the
15 authority to impose penalties and criminal action may be brought where authorized
16 by law only with respect to the difference between the amount shown on the
17 amnesty tax return and the correct amount of tax due. The imposition of penalties or
18 criminal action shall not invalidate any waiver granted under KRS 131.410. With
19 the exception of the cost-of-collection fee imposed under ~~subsection (1) of~~ KRS
20 131.440(1), all assessments issued by the department under KRS 131.410 to
21 131.445 may be protested by the taxpayer in the same manner as other assessments
22 pursuant to the terms of this chapter.

23 ➔Section 36. KRS 131.425 is amended to read as follows:

24 (1) Notwithstanding the provisions of KRS 131.183(1), all taxes paid under an amnesty
25 program return~~;~~

26 ~~(a) Filed under the program described in KRS 131.400 (4)(a) shall bear no~~
27 ~~interest imposed under KRS 131.183(1) or other applicable statutes; and~~

- 1 ~~(b)~~ filed under the program described in KRS 131.400~~(3)(a)~~~~[(4)(b)]~~ shall bear interest
 2 at one-half (1/2) the tax interest rate established by KRS 131.183(1) or other
 3 applicable statutes.
- 4 (2) Notwithstanding the provisions of KRS 131.183(2) and 141.235, if any
 5 overpayment of tax under KRS 131.410 to 131.445 is refunded or credited within
 6 one hundred eighty (180) days after the return is filed, no interest shall be allowed.
- 7 (3) All installment payment agreements entered into pursuant to KRS 131.420 relating
 8 to the program described in KRS 131.400~~(3)~~~~[(4)(b)]~~ shall bear interest on the
 9 outstanding amount of tax due during the installment period at the full rate
 10 established by KRS 131.183 or other applicable provisions of the Kentucky Revised
 11 Statutes.

12 ➔Section 37. KRS 131.435 is amended to read as follows:

- 13 **(1) The department and the Finance and Administration Cabinet shall begin**
 14 **procurement for services necessary to implement the tax amnesty program under**
 15 **KRS Chapter 45A, except as provided under subsection (2) of this section.**
- 16 **(2) (a) The department shall issue a request for proposal, which complies with**
 17 **KRS 131.081, to solicit sufficient information for evaluating firms**
 18 **submitting statements of interest in providing tax amnesty services**
 19 **according to the following criteria:**
- 20 **1. The qualifications of the firm to:**
- 21 **a. Provide advertising services prior to the start of the program**
 22 **described in subsection (3) of Section 33 of this Act and a toll-**
 23 **free telephone number for taxpayers to call for assistance;**
- 24 **b. Provide a customer-service approach and strategy to ensure a**
 25 **positive relationship with each taxpayer;**
- 26 **c. Contact every amnesty-eligible taxpayer, including by written**
 27 **correspondence and other forms of electronic and nonelectronic**

- 1 communication delivery channels, using contact and account
2 receivable data supplied by the department related to tax amnesty
3 and the tax amnesty period;
- 4 d. Employ the use of contact information correction sources,
5 including data for all undeliverable mail, updated telephone
6 numbers, and electronic mail addresses;
- 7 e. Assist any amnesty-eligible taxpayer by using tax-specific data,
8 billing codes, or other information provided by the department;
- 9 f. Maintain the confidentiality of all data under KRS 131.190
10 which is supplied by the department or the taxpayer; and
- 11 g. Remit daily to the department all amnesty applications and tax
12 payments received and all data corrections for the department's
13 databases;
- 14 2. The ability of all professional personnel employed by the firm that will
15 provide tax amnesty services, including:
- 16 a. The total number of personnel that will provide tax amnesty
17 services to taxpayers leading up to and during the amnesty
18 period;
- 19 b. The title of each specific position type and total number of
20 personnel filling each specific position type; and
- 21 c. The minimum qualifications for each specific position type;
- 22 3. The past record and experience of the firm in performing tax amnesty
23 services or other tax-related services;
- 24 4. Performance data related to past tax amnesty services or other tax-
25 related services performed by the firm;
- 26 5. Certification that the firm will meet the time requirements for the tax
27 amnesty program and will conclude all services in a timely manner as

- 1 required by the department or pay to the department a fee for failure
2 to meet the timeframe;
- 3 6. Verification of the location of all employees providing tax amnesty
4 services;
- 5 7. An agreement by the firm to provide a report to the department for
6 posting to the department's Web site related to the following items:
- 7 a. A report of the public information campaign performed by the
8 firm, including an itemized cost incurred;
- 9 b. The number of incoming telephone calls answered by week;
- 10 c. The number of mailings sent to taxpayers;
- 11 d. The number of returned mail items received;
- 12 e. The number of amnesty applications received from taxpayers by
13 week;
- 14 f. The number of amnesty applications that were approved by
15 taxpayer type;
- 16 g. The number of amnesty applications that were denied by
17 taxpayer type and the number of denied amnesty applications by
18 reason for denial;
- 19 h. According to the address listed on the amnesty application,
20 information related to the absolute number and percentage of
21 total for:
- 22 i. Amnesty applications received from businesses or
23 individuals and whether the taxpayer was in-state or out-
24 of-state;
- 25 ii. Amounts collected from businesses or individuals and
26 whether the taxpayer was in-state or out-of-state; and
- 27 iii. The total amount collected by county, including the

1 number of applications received by a business, individual,
2 or office or member and the total amount paid for each
3 category;

4 i. The number of amnesty applications received by appropriate
5 payment ranges for the population of applications;

6 j. The payment amount received by type of tax;

7 k. The amount of tax collected by tax year;

8 l. The amount of federal tax collected by tax year;

9 m. The number of newly registered taxpayers; and

10 n. The amount of tax collected on protested audits by tax type and
11 whether the amnesty payment paid the tax protested in full or
12 was a partial payment on the audit; and

13 8. Any other information required by the department.

14 (b) When evaluating firms submitting statements of interest in providing tax
15 amnesty services, the department shall use a weighted-evaluation approach
16 to select a firm, including:

17 1. The ability of the firm to:

18 a. Provide a customer-service and taxpayer-assistance approach in
19 providing amnesty services, including communication with
20 taxpayers before and during the amnesty period, weighted no
21 more than thirty percent (30%) of the evaluation score; and

22 b. Maintain lines of communication with the department related to
23 strategy for and delivery of amnesty services and report to the
24 department regarding the results from the firm delivering
25 amnesty services, weighted no more than twenty-five percent
26 (25%) of the evaluation score;

27 2. The bid of the firm to provide amnesty services, weighted no more

1 than fifteen percent (15%) of the evaluation score; and
 2 3. The past performance of the firm with other states, including how well
 3 the firm met goals established by the other states, weighted no more
 4 than thirty percent (30%) of the evaluation score.

5 **(3)** For purposes of accounting for the revenues received pursuant to KRS 131.410 to
 6 131.445, the department shall establish within the general fund a separate and
 7 distinct tax amnesty receipt account. All receipts collected as a result of the amnesty
 8 program shall be paid into this account, and all transactions involving this account
 9 shall be accounted for and reported as such.

10 **(4)** Following receipt of the report required by subsection (2) of this section and the
 11 disposition of moneys as required by subsection (3) of this section, the department
 12 shall provide a report summarizing the amnesty program results to the Interim
 13 Joint Committee on Appropriations and Revenue no later than July 1, 2023.

14 ➔Section 38. KRS 131.440 is amended to read as follows:

15 ~~(1) (a) For purposes of the program described in KRS 131.400(4)(a), in addition to~~
 16 ~~all other penalties provided under KRS 131.180, 131.410 to 131.445, and~~
 17 ~~131.990 and any other law, there is hereby imposed after the expiration of the~~
 18 ~~tax amnesty period the following cost-of-collection fees:~~

19 ~~1. A cost-of-collection fee of twenty five percent (25%) on all taxes which~~
 20 ~~are or become due and owing to the department for any reporting period,~~
 21 ~~regardless of when due. This fee shall be in addition to any other~~
 22 ~~applicable fee provided in this paragraph;~~

23 ~~2. Taxes which are assessed and collected after the amnesty period for~~
 24 ~~taxable periods ending or transactions occurring prior to December 1,~~
 25 ~~2001, shall be charged a cost-of-collection fee of twenty five percent~~
 26 ~~(25%) at the time of assessment; and~~

27 ~~3. For any taxpayer who failed to file a return for any previous tax period~~

1 for which amnesty is available and fails to file the return during the
2 amnesty period, the cost of collection fee shall be fifty percent (50%) of
3 any tax deficiency assessed after the amnesty period.

4 ~~(b)~~ For purposes of the program described in KRS 131.400~~(3)~~~~[(4)(b)]~~:

5 ~~(a)~~~~[1.]~~ In addition to all other penalties provided under KRS 131.180, 131.410
6 to 131.445, 131.990 and any other law, there are hereby imposed after the
7 expiration of the tax amnesty period the following cost-of-collection fees:

8 ~~1.~~~~[a.]~~ A cost-of-collection fee of twenty-five percent (25%) on all taxes which
9 are or become due and owing to the department for any reporting period,
10 regardless of when due. This fee shall be in addition to any other
11 applicable fee provided in this paragraph;

12 ~~2.~~~~[b.]~~ Taxes which are assessed and collected after the amnesty period for
13 taxable periods ending or transactions occurring prior to **December 1,**
14 **2021**~~[October 1, 2011]~~, shall be charged a cost-of-collection fee of
15 twenty-five percent (25%) at the time of assessment; and

16 ~~3.~~~~[c.]~~ For any taxpayer who failed to file a return for any previous tax period
17 for which amnesty is available and fails to file the return during the
18 amnesty period, the cost-of-collection fee shall be fifty percent (50%) of
19 any tax deficiency assessed after the amnesty period.

20 ~~(b)~~~~[2.]~~ After expiration of the tax amnesty period, an amnesty-eligible tax
21 liability that remains unpaid and that is not covered by an installment
22 agreement as provided in KRS 131.420 shall accrue interest at a rate that is
23 two percent (2%) above the interest rate established by KRS 131.183 or other
24 applicable provisions of the Kentucky Revised Statutes, beginning on the day
25 after the tax amnesty period ends.

26 (2) The commissioner shall have the right to waive any penalties or collection fees
27 when it is demonstrated that any deficiency of the taxpayer was due to reasonable

1 cause as defined in KRS 131.010(9). However, any taxes that cannot be paid under
 2 the amnesty program because of the exclusions under~~[in subsection (2) of]~~ KRS
 3 131.410(2) shall not be subject to these fees.

4 (3) The provisions of subsection (1) of this section shall not relate to any account which
 5 has been protested pursuant to KRS 131.110 as of the expiration of the amnesty
 6 period and which does not become due and owing, or to any account on which the
 7 taxpayer is remitting timely payments under a payment agreement negotiated with
 8 the department prior to or during the amnesty period.

9 (4) The fee levied under subsection (1) of this section shall not apply to taxes paid
 10 pursuant to the terms of the amnesty program nor shall the judgment penalty of
 11 twenty percent (20%) levied under KRS 135.060(3) apply in any case in which the
 12 fee levied under this section is applicable.

13 ➔Section 39. KRS 131.445 is amended to read as follows:

14 (1) After the expiration of the tax amnesty period, the department shall vigorously
 15 pursue all civil, administrative, and criminal penalties authorized by state and
 16 federal law for all taxes found to be due the Commonwealth.

17 (2) In addition to all other penalties provided under KRS 131.180, 131.410 to 131.445,
 18 131.990, and any other law, any taxpayer who willfully fails to make a return or
 19 willfully makes a false return, or who willfully fails to pay taxes owing or collected,
 20 with intent to evade payment of the tax or amount collected, or any part thereof,
 21 shall be guilty of a Class D felony.

22 (3) (a) Amnesty received by a taxpayer under the program described in KRS
 23 131.400(3)~~[(4)(b)]~~ shall be invalidated if:

24 1. The taxpayer fails to timely file any tax return or timely pay any tax and
 25 interest due for any period ending on or after October 1,
 26 2011~~[December 31, 2001]~~, but~~[and]~~ prior to December 1, 2021~~[October~~
 27 ~~1, 2011]~~; or

- 1 2. The taxpayer fails to timely file any tax return or timely pay any tax for
2 any period beginning December 1, 2021~~[October 1, 2011]~~, and ending
3 within three (3) years of the date amnesty was granted to the taxpayer.
- 4 (b) Except as provided in paragraph (d) of this subsection, if the provisions of
5 paragraph (a) of this subsection apply, then the civil penalties, fees, and
6 interest waived pursuant to KRS 131.410 shall:
- 7 1. Be reinstated;
- 8 2. Be subject to immediate collection by the department; and
- 9 3. Not be subject to protest under KRS 131.110.
- 10 (c) The department may utilize any remedy permitted under the law to collect
11 amounts due under this subsection, and no statute of limitations shall apply.
- 12 (d) If paragraph (a) of this subsection applies to a taxpayer as the result of an
13 audit or other investigation by the department, the amnesty shall not be
14 invalidated until the taxpayer has had the opportunity to protest as provided in
15 KRS 131.110, and has failed to pay the tax within thirty (30) days of the date
16 on which the assessment becomes final, due, and owing as provided in KRS
17 131.500(1).

18 ➔Section 40. KRS 68.200 is amended to read as follows:

- 19 (1) As used in this section, unless the context clearly indicates otherwise:
- 20 (a) "Gross rental charge" has the same meaning as in KRS 138.462;
- 21 (b) "Motor vehicle" has the same meaning as~~[means]~~ "vehicle" as defined in
22 KRS 186.010(8)(a);
- 23 (c) "Peer-to-peer car sharing" has the same meaning as in Section 9 of this
24 Act;
- 25 (d) "Peer-to-peer car sharing program" has the same meaning as in Section 9
26 of this Act;
- 27 (e) "Peer-to-peer car sharing program agreement":

- 1 **1. Means the terms and conditions applicable to a shared vehicle owner**
2 **and a shared vehicle driver that govern the use of a shared vehicle**
3 **through a peer-to-peer car sharing program; and**
- 4 **2. Does not include rental or lease agreements entered into with persons**
5 **operating under a U-Drive-It certificate as defined in Section 9 of this**
6 **Act;**
- 7 **(f) "Shared vehicle driver" has the same meaning as in Section 9 of this Act;**
8 **(g) "Transportation network company" has the same meaning as in Section 9**
9 **of this Act;**
- 10 **(h) "Transportation network company service" has the same meaning as in**
11 **Section 9 of this Act; and**
- 12 **(i) "U-Drive-It" has the same meaning as in Section 9 of this Act;**
- 13 ~~(b) Retailer means "retailer" as defined in KRS 139.010; and~~
14 ~~(c) Gross rental charge means "gross rental charge" as defined in KRS 138.462].~~
- 15 (2) A county containing a designated city, consolidated local government, or urban-
16 county government may levy a license fee on **a**:
- 17 **(a) U-Drive-It;**
18 **(b) Peer-to-peer car sharing program; and**
19 **(c) Transportation network company.**
- 20 **(3) The license fee shall** ~~[the rental of motor vehicles which shall]~~ not exceed three
21 percent (3%) of the gross rental charges from:
22 **(a)** Rental agreements for periods of thirty (30) days or less **by a**:
- 23 **1. U-Drive-It; or**
24 **2. Peer-to-peer car sharing program; or**
- 25 **(b) The provision of transportation network company services by a**
26 **transportation network company.**
- 27 **(4)** The license fee shall **not** apply to **a U-Drive-It**~~[retailers]~~ who **receives less**~~[receive]~~

1 ~~more~~ than seventy-five percent (75%) of ~~its~~~~their~~ gross revenues generated in the
2 county from gross rental charges.

3 **(5)** Any license fee levied pursuant to this subsection shall be collected by **a:**

4 **(a) *U-Drive-It*** ~~[the retailer]~~ from the renters of the motor vehicles;

5 **(b) *Peer-to-peer car sharing program from the shared vehicle driver; and***

6 **(c) *Transportation network company from the purchaser of the transportation***
7 ***network company services.***

8 **(6)**~~[(3)]~~ Revenues from rental of motor vehicles shall not be included in the gross
9 rental charges on which the license fee is based if:

10 (a) The declared gross weight of the motor vehicle exceeds eleven thousand
11 (11,000) pounds; or

12 (b) The rental is part of the services provided by a funeral director for a funeral;
13 ~~or~~

14 ~~(c) The rental is exempted from the state sales and use tax pursuant to KRS~~
15 ~~139.470].~~

16 **(7)**~~[(4)]~~ A fiscal court or the legislative body of an urban-county government shall
17 provide for collection of the license fee in the ordinance by which the license fee is
18 levied. The revenues shall be deposited in an account to be known as the motor
19 vehicle license fee account. The revenues may be shared among local governments
20 pursuant to KRS 65.210 to 65.300.

21 **(8)**~~[(5)]~~ The county shall use the proceeds of the license fee for economic
22 development activities. It shall distribute semiannually, by June 30 and December
23 31, all revenues not shared pursuant to KRS 65.210 to 65.300, to one (1) or more of
24 the following entities if it has established, or contracted with, the entity for the
25 purposes of economic development and is satisfied that the entity is promoting
26 satisfactorily the county's economic development activities:

27 (a) A riverport authority established by the county pursuant to KRS 65.520; or

1 (b) An industrial development authority established by the county pursuant to
2 KRS 154.50-316; or

3 (c) A nonprofit corporation as defined in KRS 273.161(4) which has been
4 organized for the purpose of promoting economic development.

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

7 ~~(9)(6)~~ (a) As used in this section, "designated city" means a city on the registry
8 maintained by the Department for Local Government under this subsection.

9 (b) On or before January 1, 2015, the Department for Local Government shall
10 create and maintain a registry of cities that, as of August 1, 2014, were
11 classified as cities of the first, second, and third class. The Department for
12 Local Government shall make the information included on the registry
13 available to the public by publishing it on its Web site.

14 ➔Section 41. KRS 143.022 is amended to read as follows:

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

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

23 (3) The refund process allowed under subsection (1) of this section is available
24 beginning on or after August 1, 2020, but before July 1, ~~2024~~~~[2022]~~, and limited
25 during any calendar year to the export of a combined total of ten million
26 (10,000,000) tons of coal subject to the tax imposed under KRS 143.020 and
27 exported through United States coal export terminals to markets outside of North

1 America.

2 ➔Section 42. KRS 141.010 is amended to read as follows:

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

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

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

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

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

13 (b) 1. The maximum amount of stock or other ownership interest that is owned
14 or constructively owned by a corporation equals or exceeds:

15 a. Twenty-five percent (25%), if the corporation does not occupy
16 property owned, constructively owned, or controlled by the real
17 estate investment trust; or

18 b. Ten percent (10%), if the corporation occupies property owned,
19 constructively owned, or controlled by the real estate investment
20 trust.

21 The total ownership interest of a corporation shall be determined by
22 aggregating all interests owned or constructively owned by a
23 corporation; and

24 2. For the purposes of this paragraph:

25 a. "Corporation" means a corporation taxable under KRS 141.040,
26 and includes an affiliated group as defined in KRS 141.200, that is
27 required to file a consolidated return pursuant to KRS 141.200;

1 and

2 b. "Owned or constructively owned" means owning shares or having
3 an ownership interest in the real estate investment trust, or owning
4 an interest in an entity that owns shares or has an ownership
5 interest in the real estate investment trust. Constructive ownership
6 shall be determined by looking across multiple layers of a
7 multilayer pass-through structure; and

8 (c) The real estate investment trust is not owned by another real estate investment
9 trust;

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

11 (4) "Corporation" has the same meaning as in Section 7701(a)(3) of the Internal
12 Revenue Code;

13 (5) "Critical infrastructure" means property and equipment owned or used by
14 communications networks, electric generation, transmission or distribution systems,
15 gas distribution systems, or water or wastewater pipelines that service multiple
16 customers or citizens, including but not limited to real and personal property such as
17 buildings, offices, lines, poles, pipes, structures, or equipment;

18 (6) "Declared state disaster or emergency" means a disaster or emergency event for
19 which:

20 (a) The Governor has declared a state of emergency pursuant to KRS 39A.100; or

21 (b) A presidential declaration of a federal major disaster or emergency has been
22 issued;

23 (7) "Department" means the Department of Revenue;

24 (8) "Dependent" means those persons defined as dependents in the Internal Revenue
25 Code;

26 (9) "Disaster or emergency-related work" means repairing, renovating, installing,
27 building, or rendering services that are essential to the restoration of critical

- 1 infrastructure that has been damaged, impaired, or destroyed by a declared state
2 disaster or emergency;
- 3 (10) "Disaster response business" means any entity:
- 4 (a) That has no presence in the state and conducts no business in the state, except
5 for disaster or emergency-related work during a disaster response period;
- 6 (b) Whose services are requested by a registered business or by a state or local
7 government for purposes of performing disaster or emergency-related work in
8 the state during a disaster response period; and
- 9 (c) That has no registrations, tax filings, or nexus in this state other than disaster
10 or emergency-related work during the calendar year immediately preceding
11 the declared state disaster or emergency;
- 12 (11) "Disaster response employee" means an employee who does not work or reside in
13 the state, except for disaster or emergency-related work during the disaster response
14 period;
- 15 (12) "Disaster response period" means a period that begins ten (10) days prior to the first
16 day of the Governor's declaration under KRS 39A.100, or the President's declaration
17 of a federal major disaster or emergency, whichever occurs first, and that extends
18 thirty (30) calendar days after the declared state disaster or emergency;
- 19 (13) "Doing business in this state" includes but is not limited to:
- 20 (a) Being organized under the laws of this state;
- 21 (b) Having a commercial domicile in this state;
- 22 (c) Owning or leasing property in this state;
- 23 (d) Having one (1) or more individuals performing services in this state;
- 24 (e) Maintaining an interest in a pass-through entity doing business in this state;
- 25 (f) Deriving income from or attributable to sources within this state, including
26 deriving income directly or indirectly from a trust doing business in this state,
27 or deriving income directly or indirectly from a single-member limited

1 liability company that is doing business in this state and is disregarded as an
2 entity separate from its single member for federal income tax purposes; or

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

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

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

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

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

14 (17) "Financial institution" means:

15 (a) A national bank organized as a body corporate and existing or in the process
16 of organizing as a national bank association pursuant to the provisions of the
17 National Bank Act, 12 U.S.C. secs. 21 et seq., in effect on December 31,
18 1997, exclusive of any amendments made subsequent to that date;

19 (b) Any bank or trust company incorporated or organized under the laws of any
20 state, except a banker's bank organized under KRS 286.3-135;

21 (c) Any corporation organized under the provisions of 12 U.S.C. secs. 611 to 631,
22 in effect on December 31, 1997, exclusive of any amendments made
23 subsequent to that date, or any corporation organized after December 31,
24 1997, that meets the requirements of 12 U.S.C. secs. 611 to 631, in effect on
25 December 31, 1997; or

26 (d) Any agency or branch of a foreign depository as defined in 12 U.S.C. sec.
27 3101, in effect on December 31, 1997, exclusive of any amendments made

- 1 subsequent to that date, or any agency or branch of a foreign depository
 2 established after December 31, 1997, that meets the requirements of 12 U.S.C.
 3 sec. 3101 in effect on December 31, 1997;
- 4 (18) "Fiscal year" has the same meaning as in Section 7701(a)(24) of the Internal
 5 Revenue Code;
- 6 (19) "Gross income":
- 7 (a) In the case of taxpayers other than corporations, has the same meaning as in
 8 Section 61 of the Internal Revenue Code; and
- 9 (b) In the case of corporations, means the amount calculated in KRS 141.039;
- 10 (20) "Individual" means a natural person;
- 11 (21) "Internal Revenue Code" means ~~{:~~
- 12 ~~(a) For taxable years beginning on or after January 1, 2018, but before January 1,~~
 13 ~~2019, the Internal Revenue Code in effect on December 31, 2017, including~~
 14 ~~the provisions contained in Pub. L. No. 115-97 apply to the same taxable year~~
 15 ~~as the provisions apply for federal purposes, exclusive of any amendments~~
 16 ~~made subsequent to that date, other than amendments that extend provisions~~
 17 ~~in effect on December 31, 2017, that would otherwise terminate; and~~
- 18 ~~(b) }~~for taxable years beginning on or after January 1, 2022~~[2019]~~, the Internal
 19 Revenue Code in effect on December 31, 2021~~[2018]~~, **excluding:**
- 20 **(a) Pub. L. No. 117-2, sec. 9673, related to the tax treatment of restaurant**
 21 **revitalization grants; and**~~{ exclusive of }~~
- 22 **(b)** Any amendments made subsequent to that date~~{, other than amendments that~~
 23 ~~extend provisions in effect on December 31, 2018, that would otherwise~~
 24 ~~terminate}~~;
- 25 (22) "Limited liability pass-through entity" means any pass-through entity that affords
 26 any of its partners, members, shareholders, or owners, through function of the laws
 27 of this state or laws recognized by this state, protection from general liability for

1 actions of the entity;

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

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

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

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

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

13 (24) "Net income":

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

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

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

18 (26) "Number of withholding exemptions claimed" means the number of withholding
19 exemptions claimed in a withholding exemption certificate in effect under KRS
20 141.325, except that if no such certificate is in effect, the number of withholding
21 exemptions claimed shall be considered to be zero;

22 (27) "Part-year resident" means any individual that has established or abandoned
23 Kentucky residency during the calendar year;

24 (28) "Pass-through entity" means any partnership, S corporation, limited liability
25 company, limited liability partnership, limited partnership, or similar entity
26 recognized by the laws of this state that is not taxed for federal purposes at the
27 entity level, but instead passes to each partner, member, shareholder, or owner their

- 1 proportionate share of income, deductions, gains, losses, credits, and any other
2 similar attributes;
- 3 (29) "Payroll period" has the same meaning as in Section 3401(b) of the Internal
4 Revenue Code;
- 5 (30) "Person" has the same meaning as in Section 7701(a)(1) of the Internal Revenue
6 Code;
- 7 (31) "Registered business" means a business entity that owns or otherwise possesses
8 critical infrastructure and that is registered to do business in the state prior to the
9 declared state disaster or emergency;
- 10 (32) "Resident" means an individual domiciled within this state or an individual who is
11 not domiciled in this state, but maintains a place of abode in this state and spends in
12 the aggregate more than one hundred eighty-three (183) days of the taxable year in
13 this state;
- 14 (33) "S corporation" has the same meaning as in Section 1361(a) of the Internal Revenue
15 Code;
- 16 (34) "State" means a state of the United States, the District of Columbia, the
17 Commonwealth of Puerto Rico, or any territory or possession of the United States;
- 18 (35) "Taxable net income":
- 19 (a) In the case of corporations that are taxable in this state, means "net income" as
20 defined in subsection (24) of this section;
- 21 (b) In the case of corporations that are taxable in this state and taxable in another
22 state, means "net income" as defined in subsection (24) of this section and as
23 allocated and apportioned under KRS 141.120;
- 24 (c) For homeowners' associations as defined in Section 528(c) of the Internal
25 Revenue Code, means "taxable income" as defined in Section 528(d) of the
26 Internal Revenue Code. Notwithstanding the provisions of subsection (21) of
27 this section, the Internal Revenue Code sections referred to in this paragraph

1 shall be those code sections in effect for the applicable tax year; and

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

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

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

15 ➔Section 43. KRS 139.730 is amended to read as follows:

16 **(1)** In the administration of the sales and use tax, the department may require the filing
17 of reports by any person or class of persons ~~with~~~~having in his or their~~ possession
18 or custody **of** information relating to sales of tangible personal property, digital
19 property, or an extended warranty service, the storage, use, or other consumption of
20 which is subject to the tax.

21 **(2)** **Any event coordinator of a festival or similar event shall provide the department**
22 **with a list of vendors selling at the event any tangible property, digital property,**
23 **or services listed in Section 3 of this Act.**

24 **(3)** The report shall be filed at the time specified by the department and shall contain
25 such information as the department may require.

26 ➔SECTION 44. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
27 READ AS FOLLOWS:

- 1 (1) Any company whose tax, as provided in KRS 136.320, 136.330, 136.340, 136.350,
 2 136.370, 342.445, or 304.3-270 was five thousand dollars (\$5,000) or more in the
 3 previous year shall file a declaration of estimated tax.
- 4 (2) The tax due shall be paid in three (3) installments, one-third (1/3) on or before
 5 June 1, one-third (1/3) on or before October 1, and the remainder on or before
 6 the following March 1.
- 7 (3) (a) Any adjustments may be made on or before October 1.
 8 (b) All adjustments shall be made on or before March 1.
 9 (c) If any taxpayer uses the amount of the tax liability for the previous calendar
 10 year as the estimate for the declaration, no penalties or interest shall apply
 11 to any subsequent adjustments.
- 12 (4) All taxes not paid when due may be subject to:
 13 (a) A penalty of five percent (5%) per month, but not more than twenty-five
 14 percent (25%) penalty shall be assessed on any one (1) report; and
 15 (b) Interest at the tax interest rate as defined in KRS 131.010(6) from the date
 16 the report was due.

17 ➔Section 45. KRS 139.472 is amended to read as follows:

- 18 (1) Notwithstanding any other provisions of this chapter, the taxes imposed by this
 19 chapter shall not apply to the sale or purchase of:
- 20 (a) A drug purchased for the treatment of a human being for which a prescription
 21 is required by state or federal law, whether the drug is dispensed by a licensed
 22 pharmacist, administered by a physician or other health care provider, or
 23 distributed as a free sample to or from a physician's office;
- 24 (b) An over-the-counter drug purchased for the treatment of a human being for
 25 which a prescription is issued;
- 26 (c) Medical oxygen and oxygen delivery equipment purchased for home use.
 27 Oxygen delivery equipment includes:

- 1 1. High pressure cylinders, cryogenic tanks, oxygen concentrators, or
2 similar medical oxygen delivery equipment including repair and
3 replacement parts for the equipment; and
- 4 2. Tubes, masks, and similar items required for the delivery of oxygen to
5 the patient;
- 6 (d) Insulin and diabetic supplies, including hypodermic syringes, needles, and
7 sugar (urine and blood) testing materials purchased by an individual for
8 private use;
- 9 (e) Colostomy, urostomy, or ileostomy supplies purchased by an individual for
10 private use;
- 11 (f) Prosthetic devices purchased by any health care provider for use in the
12 treatment of a specific individual or purchased by an individual as prescribed
13 by a person authorized under the laws of the Commonwealth to issue
14 prescriptions;
- 15 (g) Prosthetic devices that are individually designed or created for an individual
16 regardless of the purchaser;
- 17 (h) Mobility enhancing equipment for which a prescription is issued; and
- 18 (i) Durable medical equipment, including hospital beds for which a prescription
19 is issued.
- 20 (2) Except as specifically provided in subsection (1) of this section, supplies or
21 equipment used to deliver a drug to a patient are taxable.
- 22 (3) As used in this section **and Section 46 of this Act:**
- 23 (a) "Drug" means a compound, substance, or preparation and any component of a
24 compound, substance, or preparation, other than food and food ingredients,
25 dietary supplements, or alcoholic beverages as defined in KRS 139.485, that is
26 recognized in the official United States Pharmacopoeia, official Homeopathic
27 Pharmacopoeia of the United States, or official National Formulary, or a

1 supplement to any of them, or is:

2 1. Intended for use in the diagnosis, cure, mitigation, treatment, or
3 prevention of disease~~[in humans]~~; or

4 2. Intended to affect the structure or any function of the~~[human]~~ body;

5 (b) "Grooming and hygiene products" means soaps and cleaning solutions,
6 shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions,
7 regardless of whether the items meet the definition of an over-the-counter
8 drug;

9 (c) 1. "Over-the-counter drug" means a drug that contains a label that
10 identifies the product as a drug as required by 21 C.F.R. sec. 201.66. The
11 "over-the-counter drug" label shall include:

12 a. A "Drug Facts" panel; or

13 b. A statement of the active ingredients with a list of those
14 ingredients contained in the compound, substance, or preparation.

15 2. "Over-the-counter drug" shall not include grooming and hygiene
16 products;

17 (d) "Prescription" means an order, formula, or recipe issued in any form of oral,
18 written, electronic, or other means of transmission by a person authorized
19 under the laws of the Commonwealth to prescribe a drug;

20 (e) 1. "Prosthetic device" means a replacement, corrective, or supportive
21 device, including repair and replacement parts for the device, worn on or
22 in the body to:

23 a. Artificially replace a missing portion of the body;

24 b. Prevent or correct a physical deformity or malfunction; or

25 c. Support a weak or deformed portion of the body.

26 2. "Prosthetic device" shall not include any of the following:

27 a. Corrective eyeglasses;

- 1 b. Contact lenses; or
- 2 c. Dental prosthesis;
- 3 (f) 1. "Mobility enhancing equipment" means equipment, including repair and
- 4 replacements part for same, which:
- 5 a. Is primarily and customarily used to provide or increase the ability
- 6 to move from one place to another and which is appropriate for use
- 7 either in a home or a motor vehicle;
- 8 b. Is not generally used by persons with normal mobility; and
- 9 c. Does not include any motor vehicle or equipment on a motor
- 10 vehicle normally provided by a motor vehicle manufacturer.
- 11 2. "Mobility enhancing equipment" shall not include durable medical
- 12 equipment; and
- 13 (g) 1. "Durable medical equipment" means equipment, including repair and
- 14 replacement parts for same, which:
- 15 a. Can withstand repeated use;
- 16 b. Is primarily and customarily used to serve a medical purpose;
- 17 c. Generally is not useful to a person in the absence of illness or
- 18 injury; and
- 19 d. Is not worn in or on the body.
- 20 2. "Durable medical equipment" shall not include mobility enhancing
- 21 equipment or oxygen delivery equipment that is not worn in or on the
- 22 body.
- 23 3. As used in this paragraph, "repair and replacement parts" includes all
- 24 components or attachments used in connection with durable medical
- 25 equipment.

26 ➔Section 46. KRS 139.480 is amended to read 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 such sales
5 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 in
11 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 recycling
11 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 (c) On-farm facilities, including equipment, machinery, attachments, repair and
18 replacement parts, and any materials incorporated into the construction,
19 renovation, or repair of the facilities. The exemption shall apply to incubation
20 systems, egg processing equipment, waterer and feeding systems, brooding
21 systems, ventilation systems, alarm systems, and curtain systems. In addition,
22 the exemption shall apply whether or not the seller is under contract to deliver,
23 assemble, and incorporate into real estate the equipment, machinery,
24 attachments, repair and replacement parts, and any materials incorporated into
25 the construction, renovation, or repair of the facilities;
- 26 (24) Embryos and semen that are used in the reproduction of livestock, if the products of
27 these embryos and semen ordinarily constitute food for human consumption, and if

- 1 the sale is made to a person engaged in the business of farming;
- 2 (25) Llamas and alpacas to be used as beasts of burden or in an agricultural pursuit for
- 3 the breeding and production of hides, breeding stock, fiber and wool products, meat,
- 4 and llama and alpaca by-products, and the following items used in this pursuit:
- 5 (a) Feed and feed additives;
- 6 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
- 7 and
- 8 (c) On-farm facilities, including equipment, machinery, attachments, repair and
- 9 replacement parts, and any materials incorporated into the construction,
- 10 renovation, or repair of the facilities. The exemption shall apply to waterer
- 11 and feeding systems, ventilation systems, and alarm systems. In addition, the
- 12 exemption shall apply whether or not the seller is under contract to deliver,
- 13 assemble, and incorporate into real estate the equipment, machinery,
- 14 attachments, repair and replacement parts, and any materials incorporated into
- 15 the construction, renovation, or repair of the facilities;
- 16 (26) Baling twine and baling wire for the baling of hay and straw;
- 17 (27) Water sold to a person regularly engaged in the business of farming and used in the:
- 18 (a) Production of crops;
- 19 (b) Production of milk for sale; or
- 20 (c) Raising and feeding of:
- 21 1. Livestock or poultry, the products of which ordinarily constitute food for
- 22 human consumption; or
- 23 2. Ratites, llamas, alpacas, buffalo, cervids or aquatic organisms;
- 24 (28) Buffalos to be used as beasts of burden or in an agricultural pursuit for the
- 25 production of hides, breeding stock, meat, and buffalo by-products, and the
- 26 following items used in this pursuit:
- 27 (a) Feed and feed additives;

- 1 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
- 2 (c) On-farm facilities, including equipment, machinery, attachments, repair and
- 3 replacement parts, and any materials incorporated into the construction,
- 4 renovation, or repair of the facilities. The exemption shall apply to waterer
- 5 and feeding systems, ventilation systems, and alarm systems. In addition, the
- 6 exemption shall apply whether or not the seller is under contract to deliver,
- 7 assemble, and incorporate into real estate the equipment, machinery,
- 8 attachments, repair and replacement parts, and any materials incorporated into
- 9 the construction, renovation, or repair of the facilities;
- 10 (29) Aquatic organisms sold directly to or raised by a person regularly engaged in the
- 11 business of producing products of aquaculture, as defined in KRS 260.960, for sale,
- 12 and the following items used in this pursuit:
- 13 (a) Feed and feed additives;
- 14 (b) Water;
- 15 (c) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
- 16 and
- 17 (d) On-farm facilities, including equipment, machinery, attachments, repair and
- 18 replacement parts, and any materials incorporated into the construction,
- 19 renovation, or repair of the facilities and, any gasoline, special fuels, liquefied
- 20 petroleum gas, or natural gas used to operate the facilities. The exemption
- 21 shall apply, but not be limited to: waterer and feeding systems; ventilation,
- 22 aeration, and heating systems; processing and storage systems; production
- 23 systems such as ponds, tanks, and raceways; harvest and transport equipment
- 24 and systems; and alarm systems. In addition, the exemption shall apply
- 25 whether or not the seller is under contract to deliver, assemble, and
- 26 incorporate into real estate the equipment, machinery, attachments, repair and
- 27 replacement parts, and any materials incorporated into the construction,

1 renovation, or repair of the facilities;

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

5 (a) Feed and feed additives;

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

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

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

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

25 (c) For the purposes of this subsection, "repair or replacement parts" means tires,
26 brakes, engines, transmissions, drive trains, chassis, body parts, and their
27 components. "Repair or replacement parts" shall not include fuel, machine

1 oils, hydraulic fluid, brake fluid, grease, supplies, or accessories not essential
 2 to the operation of the motor vehicle itself, except when sold as part of the
 3 assembled unit, such as cigarette lighters, radios, lighting fixtures not
 4 otherwise required by the manufacturer for operation of the vehicle, or tool or
 5 utility boxes;~~and~~

6 (32) Food donated by a retail food establishment or any other entity regulated under KRS
 7 217.127 to a nonprofit organization for distribution to the needy; **and**

8 **(33) (a) Drugs and over-the counter drugs, as defined in Section 45 of this Act, that**
 9 **are purchased by a person regularly engaged in the business of farming and**
 10 **used in the treatment of cattle, sheep, goats, swine, poultry, ratite birds,**
 11 **llamas, alpacas, buffalo, aquatic organisms, or cervids.**

12 ➔Section 47. KRS 132.010 is amended to read as follows:

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

- 14 (1) "Department" means the Department of Revenue;
- 15 (2) "Taxpayer" means any person made liable by law to file a return or pay a tax;
- 16 (3) "Real property" includes all lands within this state and improvements thereon;
- 17 (4) "Personal property" includes every species and character of property, tangible and
 18 intangible, other than real property;
- 19 (5) "Resident" means any person who has taken up a place of abode within this state
 20 with the intention of continuing to abide in this state; any person who has had his or
 21 her actual or habitual place of abode in this state for the larger portion of the twelve
 22 (12) months next preceding the date as of which an assessment is due to be made
 23 shall be deemed to have intended to become a resident of this state;
- 24 (6) "Compensating tax rate" means that rate which, rounded to the next higher one-
 25 tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and
 26 applied to the current year's assessment of the property subject to taxation by a
 27 taxing district, excluding new property and personal property, produces an amount

1 of revenue approximately equal to that produced in the preceding year from real
2 property. However, in no event shall the compensating tax rate be a rate which,
3 when applied to the total current year assessment of all classes of taxable property,
4 produces an amount of revenue less than was produced in the preceding year from
5 all classes of taxable property. For purposes of this subsection, "property subject to
6 taxation" means the total fair cash value of all property subject to full local rates,
7 less the total valuation exempted from taxation by the homestead exemption
8 provision of the Constitution and the difference between the fair cash value and
9 agricultural or horticultural value of agricultural or horticultural land;

10 (7) "Net assessment growth" means the difference between:

- 11 (a) The total valuation of property subject to taxation by the county, city, school
12 district, or special district in the preceding year, less the total valuation
13 exempted from taxation by the homestead exemption provision of the
14 Constitution in the current year over that exempted in the preceding year, and
15 (b) The total valuation of property subject to taxation by the county, city, school
16 district, or special district for the current year;

17 (8) "New property" means the net difference in taxable value between real property
18 additions and deletions to the property tax roll for the current year. "Real property
19 additions" shall mean:

- 20 (a) Property annexed or incorporated by a municipal corporation, or any other
21 taxing jurisdiction; however, this definition shall not apply to property
22 acquired through the merger or consolidation of school districts, or the
23 transfer of property from one (1) school district to another;
24 (b) Property, the ownership of which has been transferred from a tax-exempt
25 entity to a nontax-exempt entity;
26 (c) The value of improvements to existing nonresidential property;
27 (d) The value of new residential improvements to property;

- 1 (e) The value of improvements to existing residential property when the
2 improvement increases the assessed value of the property by fifty percent
3 (50%) or more;
- 4 (f) Property created by the subdivision of unimproved property, provided, that
5 when the property is reclassified from farm to subdivision by the property
6 valuation administrator, the value of the property as a farm shall be a deletion
7 from that category;
- 8 (g) Property exempt from taxation, as an inducement for industrial or business
9 use, at the expiration of its tax exempt status;
- 10 (h) Property, the tax rate of which will change, according to the provisions of
11 KRS 82.085, to reflect additional urban services to be provided by the taxing
12 jurisdiction, provided, however, that the property shall be considered "real
13 property additions" only in proportion to the additional urban services to be
14 provided to the property over the urban services previously provided; and
- 15 (i) The value of improvements to real property previously under assessment
16 moratorium.
- 17 "Real property deletions" shall be limited to the value of real property removed
18 from, or reduced over the preceding year on, the property tax roll for the current
19 year;
- 20 (9) "Agricultural land" means:
- 21 (a) Any tract of land, including all income-producing improvements, of at least
22 ten (10) contiguous acres in area used for the production of livestock,
23 livestock products, poultry, poultry products and/or the growing of tobacco
24 and/or other crops including timber;
- 25 (b) Any tract of land, including all income-producing improvements, of at least
26 five (5) contiguous acres in area commercially used for aquaculture; or
- 27 (c) Any tract of land devoted to and meeting the requirements and qualifications

1 for payments pursuant to agriculture programs under an agreement with the
2 state or federal government;

3 (10) "Horticultural land" means any tract of land, including all income-producing
4 improvements, of at least five (5) contiguous acres in area commercially used for
5 the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables,
6 flowers, or ornamental plants;

7 (11) "Agricultural or horticultural value" means the use value of "agricultural or
8 horticultural land" based upon income-producing capability and comparable sales of
9 farmland purchased for farm purposes where the price is indicative of farm use
10 value, excluding sales representing purchases for farm expansion, better
11 accessibility, and other factors which inflate the purchase price beyond farm use
12 value, if any, considering the following factors as they affect a taxable unit:

13 (a) Relative percentages of tillable land, pasture land, and woodland;

14 (b) Degree of productivity of the soil;

15 (c) Risk of flooding;

16 (d) Improvements to and on the land that relate to the production of income;

17 (e) Row crop capability including allotted crops other than tobacco;

18 (f) Accessibility to all-weather roads and markets; and

19 (g) Factors which affect the general agricultural or horticultural economy, such
20 as: interest, price of farm products, cost of farm materials and supplies, labor,
21 or any economic factor which would affect net farm income;

22 (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural
23 value and the tax based on fair cash value;

24 (13) "Homestead" means real property maintained as the permanent residence of the
25 owner with all land and improvements adjoining and contiguous thereto including
26 but not limited to lawns, drives, flower or vegetable gardens, outbuildings, and all
27 other land connected thereto;

- 1 (14) "Residential unit" means all or that part of real property occupied as the permanent
2 residence of the owner;
- 3 (15) "Special benefits" are those which are provided by public works not financed
4 through the general tax levy but through special assessments against the benefited
5 property;
- 6 (16) **"Manufactured home" means a structure manufactured after June 15, 1976, in**
7 **accordance with the National Manufactured Housing Construction and Safety**
8 **Standards Act, transportable in one (1) or more sections, which when erected on**
9 **site measures eight (8) body feet or more in width and thirty-two (32) body feet or**
10 **more in length, and which is built on a permanent chassis and designed to be**
11 **used as a dwelling, with or without a permanent foundation, when connected to**
12 **the required utilities, and includes the plumbing, heating, air-conditioning, and**
13 **electrical systems contained therein. It may be used as a place of residence,**
14 **business, profession, or trade by the owner, lessee, or their assignees and may**
15 **consist of one (1) or more units that can be attached or joined together to**
16 **comprise an integral unit or condominium structure;**
- 17 **(17) "Mobile home" means a structure manufactured on or before June 15, 1976, that**
18 **was not required to be constructed in accordance with the National**
19 **Manufactured Housing Construction and Safety Standards Act,** transportable in
20 one (1) or more sections, which when erected on site measures eight (8) body feet or
21 more in width and thirty-two (32) body feet or more in length, and which is built on
22 a permanent chassis and designed to be used as a dwelling, with or without a
23 permanent foundation, when connected to the required utilities, and includes the
24 plumbing, heating, air-conditioning, and electrical systems contained therein. It may
25 be used as a place of residence, business, profession, or trade by the owner, lessee,
26 or their assigns and may consist of one (1) or more units that can be attached or
27 joined together to comprise an integral unit or condominium structure;

1 **(18) "Modular home" means a structure which is certified by its manufacturer as**
2 **being constructed in accordance with all applicable provisions of the Kentucky**
3 **Building Code and standards adopted by the local authority which has**
4 **jurisdiction, transportable in one (1) or more sections, and designed to be used as**
5 **a dwelling on a permanent foundation when connected to the required utilities,**
6 **and includes the plumbing, heating, air-conditioning, and electrical systems**
7 **contained therein;**

8 **(19) "Prefabricated home" means a manufactured home, a mobile home, or a**
9 **modular home;**

10 **(20)**~~(17)~~ "Recreational vehicle" means a vehicular type unit primarily designed as
11 temporary living quarters for recreational, camping, or travel use, which either has
12 its own motive power or is mounted on or drawn by another vehicle. The basic
13 entities are: travel trailer, camping trailer, truck camper, and motor home. As used
14 in this subsection:

15 (a) "Travel trailer" means a vehicular unit, mounted on wheels, designed to
16 provide temporary living quarters for recreational, camping, or travel use, and
17 of a size or weight that does not require special highway movement permits
18 when drawn by a motorized vehicle, and with a living area of less than two
19 hundred twenty (220) square feet, excluding built-in equipment (such as
20 wardrobes, closets, cabinets, kitchen units or fixtures) and bath and toilet
21 rooms;

22 (b) "Camping trailer" means a vehicular portable unit mounted on wheels and
23 constructed with collapsible partial side walls which fold for towing by
24 another vehicle and unfold at the camp site to provide temporary living
25 quarters for recreational, camping, or travel use;

26 (c) "Truck camper" means a portable unit constructed to provide temporary living
27 quarters for recreational, travel, or camping use, consisting of a roof, floor,

1 and sides, designed to be loaded onto and unloaded from the bed of a pick-up
2 truck; and

3 (d) "Motor home" means a vehicular unit designed to provide temporary living
4 quarters for recreational, camping, or travel use built on or permanently
5 attached to a self-propelled motor vehicle chassis or on a chassis cab or van
6 which is an integral part of the completed vehicle;

7 ~~(21)~~~~(18)~~ "Hazardous substances" shall have the meaning provided in KRS 224.1-400;

8 ~~(22)~~~~(19)~~ "Pollutant or contaminant" shall have the meaning provided in KRS 224.1-
9 400;

10 ~~(23)~~~~(20)~~ "Release" shall have the meaning as provided in either or both KRS 224.1-400
11 and KRS 224.60-115;

12 ~~(24)~~~~(21)~~ "Qualifying voluntary environmental remediation property" means real
13 property subject to the provisions of KRS 224.1-400 and 224.1-405, or 224.60-135
14 where the Energy and Environment Cabinet has made a determination that:

15 (a) All releases of hazardous substances, pollutants, contaminants, petroleum, or
16 petroleum products at the property occurred prior to the property owner's
17 acquisition of the property;

18 (b) The property owner has made all appropriate inquiry into previous ownership
19 and uses of the property in accordance with generally accepted practices prior
20 to the acquisition of the property;

21 (c) The property owner or a responsible party has provided all legally required
22 notices with respect to hazardous substances, pollutants, contaminants,
23 petroleum, or petroleum products found at the property;

24 (d) The property owner is in compliance with all land use restrictions and does
25 not impede the effectiveness or integrity of any institutional control;

26 (e) The property owner complied with any information request or administrative
27 subpoena under KRS Chapter 224; and

1 (f) The property owner is not affiliated with any person who is potentially liable
2 for the release of hazardous substances, pollutants, contaminants, petroleum,
3 or petroleum products on the property pursuant to KRS 224.1-400, 224.1-405,
4 or 224.60-135, through:

- 5 1. Direct or indirect familial relationship;
- 6 2. Any contractual, corporate, or financial relationship, excluding
7 relationships created by instruments conveying or financing title or by
8 contracts for sale of goods or services; or
- 9 3. Reorganization of a business entity that was potentially liable;

10 ~~(25)~~~~(22)~~ "Intangible personal property" means stocks, mutual funds, money market
11 funds, bonds, loans, notes, mortgages, accounts receivable, land contracts, cash,
12 credits, patents, trademarks, copyrights, tobacco base, allotments, annuities,
13 deferred compensation, retirement plans, and any other type of personal property
14 that is not tangible personal property;

15 ~~(26)~~~~(23)~~ (a) "County" means any county, consolidated local government, urban-
16 county government, unified local government, or charter county government;

17 (b) "Fiscal court" means the legislative body of any county, consolidated local
18 government, urban-county government, unified local government, or charter
19 county government; and

20 (c) "County judge/executive" means the chief executive officer of any county,
21 consolidated local government, urban-county government, unified local
22 government, or charter county government;

23 ~~(27)~~~~(24)~~ "Taxing district" means any entity with the authority to levy a local ad
24 valorem tax, including special purpose governmental entities;

25 ~~(28)~~~~(25)~~ "Special purpose governmental entity" shall have the same meaning as in KRS
26 65A.010, and as used in this chapter shall include only those special purpose
27 governmental entities with the authority to levy ad valorem taxes, and that are not

1 specifically exempt from the provisions of this chapter by another provision of the
2 Kentucky Revised Statutes;

3 ~~(29)~~~~(26)~~ (a) "Broadcast" means the transmission of audio, video, or other signals,
4 through any electronic, radio, light, or similar medium or method now in
5 existence or later devised over the airwaves to the public in general.

6 (b) "Broadcast" shall not apply to operations performed by multichannel video
7 programming service providers as defined in KRS 136.602 or any other
8 operations that transmit audio, video, or other signals, exclusively to persons
9 for a fee;

10 ~~(30)~~~~(27)~~ "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas,
11 buffaloes, and any other animals of the bovine, ovine, porcine, caprine, equine, or
12 camelid species;

13 ~~(31)~~~~(28)~~ "Heavy equipment rental agreement" means the short-term rental contract
14 under which qualified heavy equipment is rented without an operator for a period:

15 (a) Not to exceed three hundred sixty-five (365) days; or

16 (b) That is open-ended under the terms of the contract with no specified end date;

17 ~~(32)~~~~(29)~~ "Heavy equipment rental company" means an entity that is primarily engaged
18 in a line of business described in Code 532412 or 532310 of the North American
19 Industry Classification System Manual in effect on January 1, 2019;

20 ~~(33)~~~~(30)~~ "Qualified heavy equipment" means machinery and equipment, including
21 ancillary equipment and any attachments used in conjunction with the machinery
22 and equipment, that is:

23 (a) Primarily used and designed for construction, mining, forestry, or industrial
24 purposes, including but not limited to cranes, earthmoving equipment, well-
25 drilling machinery and equipment, lifts, material handling equipment, pumps,
26 generators, and pollution-reducing equipment; and

27 (b) Held in a heavy equipment rental company's inventory for:

- 1 1. Rental under a heavy equipment rental agreement; or
- 2 2. Sale in the regular course of business; and

3 (34)~~(31)~~ "Veteran service organization" means an organization wholly dedicated to
4 advocating on behalf of military veterans and providing charitable programs in
5 honor and on behalf of military veterans.

6 ➔Section 48. KRS 132.200 is amended to read as follows:

7 All property subject to taxation for state purposes shall also be subject to taxation in the
8 county, city, school, or other taxing district in which it has a taxable situs, except the class
9 of property described in KRS 132.030 and the following classes of property, which shall
10 be subject to taxation for state purposes only:

- 11 (1) Farm implements and farm machinery owned by or leased to a person actually
12 engaged in farming and used in his farm operation;
- 13 (2) Livestock, ratite birds, and domestic fowl;
- 14 (3) Capital stock of savings and loan associations;
- 15 (4) Machinery actually engaged in manufacturing, products in the course of
16 manufacture, and raw material actually on hand at the plant for the purpose of
17 manufacture. The printing, publication, and distribution of a newspaper or operating
18 a job printing plant shall be deemed to be manufacturing;
- 19 (5) (a) Commercial radio and television equipment used to receive, capture, produce,
20 edit, enhance, modify, process, store, convey, or transmit audio or video
21 content or electronic signals which are broadcast over the air to an antenna;
- 22 (b) Equipment directly used or associated with the equipment identified in
23 paragraph (a) of this subsection, including radio and television towers used to
24 transmit or facilitate the transmission of the signal broadcast, but excluding
25 telephone and cellular communications towers; and
- 26 (c) Equipment used to gather or transmit weather information;
- 27 (6) Unmanufactured agricultural products. They shall be exempt from taxation for state

1 purposes to the extent of the value, or amount, of any unpaid nonrecourse loans
2 thereon granted by the United States government or any agency thereof, and except
3 that cities and counties may each impose an ad valorem tax of not exceeding one
4 and one-half cents (\$0.015) on each one hundred dollars (\$100) of the fair cash
5 value of all unmanufactured tobacco and not exceeding four and one-half cents
6 (\$0.045) on each one hundred dollars (\$100) of the fair cash value of all other
7 unmanufactured agricultural products, subject to taxation within their limits that are
8 not actually on hand at the plants of manufacturing concerns for the purpose of
9 manufacture, nor in the hands of the producer or any agent of the producer to whom
10 the products have been conveyed or assigned for the purpose of sale;

11 (7) All privately owned leasehold interest in industrial buildings, as defined under KRS
12 103.200, owned and financed by a tax-exempt governmental unit, or tax-exempt
13 statutory authority under the provisions of KRS Chapter 103, except that the rate
14 shall not apply to the proportion of value of the leasehold interest created through
15 any private financing;

16 (8) Tangible personal property which has been certified as a pollution control facility as
17 defined in KRS 224.1-300. In the case of tangible personal property certified as a
18 pollution control facility which is incorporated into a landfill facility, the tangible
19 personal property shall be presumed to remain tangible personal property for
20 purposes of this subsection if the tangible personal property is being used for its
21 intended purposes;

22 (9) Property which has been certified as an alcohol production facility as defined in
23 KRS 247.910;

24 (10) On and after January 1, 1977, the assessed value of unmined coal shall be included
25 in the formula contained in KRS 132.590(9) in determining the amount of county
26 appropriation to the office of the property valuation administrator;

27 (11) Tangible personal property located in a foreign trade zone established pursuant to

- 1 19 U.S.C. sec. 81, provided that the zone is activated in accordance with the
2 regulations of the United States Customs Service and the Foreign Trade Zones
3 Board;
- 4 (12) Motor vehicles qualifying for permanent registration as historic motor vehicles
5 under the provisions of KRS 186.043. However, nothing herein shall be construed
6 to exempt historical motor vehicles from the usage tax imposed by KRS 138.460;
- 7 (13) Property which has been certified as a fluidized bed energy production facility as
8 defined in KRS 211.390;
- 9 (14) All motor vehicles:
- 10 (a) Held for sale in the inventory of a licensed motor vehicle dealer, including
11 motor vehicle auction dealers, which are not currently titled and registered in
12 Kentucky and are held on an assignment pursuant to the provisions of KRS
13 186A.230;
- 14 (b) That are in the possession of a licensed motor vehicle dealer, including
15 licensed motor vehicle auction dealers, for sale, although ownership has not
16 been transferred to the dealer; and
- 17 (c) With a salvage title held by an insurance company;
- 18 (15) Machinery or equipment owned by a business, industry, or organization in order to
19 collect, source separate, compress, bale, shred, or otherwise handle waste materials
20 if the machinery or equipment is primarily used for recycling purposes as defined in
21 KRS 139.010;
- 22 (16) New farm machinery and other equipment held in the retailer's inventory for sale
23 under a floor plan financing arrangement by a retailer, as defined under KRS
24 365.800;
- 25 (17) New boats and new marine equipment held for retail sale under a floor plan
26 financing arrangement by a dealer registered under KRS 235.220;
- 27 (18) Aircraft not used in the business of transporting persons or property for

1 compensation or hire if an exemption is approved by the county, city, school, or
2 other taxing district in which the aircraft has its taxable situs;

3 (19) Federally documented vessels not used in the business of transporting persons or
4 property for compensation or hire or for other commercial purposes, if an
5 exemption is approved by the county, city, school, or other taxing district in which
6 the federally documented vessel has its taxable situs;

7 (20) Any nonferrous metal that conforms to the quality, shape, and weight specifications
8 set by the New York Mercantile Exchange's special contract rules for metals, and
9 which is located or stored in a commodity warehouse and held on warrant, or for
10 which a written request has been made to a commodity warehouse to place it on
11 warrant, according to the rules and regulations of a trading facility. In this
12 subsection:

13 (a) "Commodity warehouse" means a warehouse, shipping plant, depository, or
14 other facility that has been designated or approved by a trading facility as a
15 regular delivery point for a commodity on contracts of sale for future delivery;
16 and

17 (b) "Trading facility" means a facility that is designated by or registered with the
18 federal Commodity Futures Trading Commission under 7 U.S.C. secs. 1 et
19 seq. "Trading facility" includes the Board of Trade of the City of Chicago, the
20 Chicago Mercantile Exchange, and the New York Mercantile Exchange;

21 (21) Qualifying voluntary environmental remediation property for a period of three (3)
22 years following the Energy and Environment Cabinet's issuance of a No Further
23 Action Letter or its equivalent, pursuant to the correction of the effect of all known
24 releases of hazardous substances, pollutants, contaminants, petroleum, or petroleum
25 products located on the property consistent with a corrective action plan approved
26 by the Energy and Environment Cabinet pursuant to KRS 224.1-400, 224.1-405, or
27 224.60-135, and provided the cleanup was not financed through a public grant

1 program of the petroleum storage tank environmental assurance fund;

2 (22) Biotechnology products held in a warehouse for distribution by the manufacturer or
3 by an affiliate of the manufacturer. For the purposes of this section:

4 (a) "Biotechnology products" means those products that are applicable to the
5 prevention, treatment, or cure of a disease or condition of human beings and
6 that are produced using living organisms, materials derived from living
7 organisms, or cellular, subcellular, or molecular components of living
8 organisms. Biotechnology products does not include pharmaceutical products
9 which are produced from chemical compounds;

10 (b) "Warehouse" includes any establishment that is designed to house or store
11 biotechnology products, but does not include blood banks, plasma centers, or
12 other similar establishments;

13 (c) "Affiliate" means an individual, partnership, or corporation that directly or
14 indirectly owns or controls, or is owned or controlled by, or is under common
15 ownership or control with, another individual, partnership, or corporation;

16 (23) Recreational vehicles held for sale in a retailer's inventory;~~and~~

17 (24) A privately owned leasehold interest in residential property described in KRS
18 132.195(2)(g), if an exemption is approved by the county, city, school, or other
19 taxing district in which the residential property is located; **and**

20 **(25) Prefabricated homes held for sale in a manufacturer's or retailer's inventory.**

21 ➔Section 49. KRS 171.397 is amended to read as follows:

22 (1) (a) For all applications for a preliminary approval received prior to April 30,
23 2010, there shall be allowed as a credit against the taxes imposed by KRS
24 141.020, 141.040, 141.0401, or 136.505, an amount equal to:

25 1. Thirty percent (30%) of the qualified rehabilitation expenses, in the case
26 of owner-occupied residential property; and

27 2. Twenty percent (20%) of the qualified rehabilitation expenses, in the

1 case of all other property.

2 In the case of an exempt entity that has incurred qualified rehabilitation
3 expenses, the credit provided in this subsection shall be available to transfer or
4 assign as provided under subsection (8) or (9) of this section.

5 (b) For applications for preliminary approval received on or after April 30, 2010,
6 the credit shall be refundable if the taxpayer makes an election under
7 subsection (2)(b) of this section.

8 (2) (a) A taxpayer seeking the credit provided under subsection (1) of this section
9 shall file an application for a preliminary determination of maximum credit
10 eligibility before April 30 of the year in which the proposed project will begin.
11 The application shall describe the project and shall include documentation
12 supporting the qualification of the project for the credit, the proposed start
13 date, the proposed completion date, the projected qualified rehabilitation
14 expenses, and any other information the council may require. The council
15 shall determine the preliminary maximum credit available for each taxpayer
16 and shall notify the taxpayer of that amount by June 30 of the year in which
17 the application was filed. If total credits applied for in any year exceed the
18 certified rehabilitation credit cap, plus any amounts added to the cap pursuant
19 to paragraph (c) of this subsection, the provisions of subsection (5) of this
20 section shall be applied to reduce the approved credits for all taxpayers with
21 qualifying applications for that year.

22 (b) 1. An application for a final determination of credit shall be submitted to
23 the council upon completion of the project.

24 2. The application shall include an irrevocable election by the taxpayer to:

25 a. Use the credit, in which case, the credit shall be refundable; or

26 b. Transfer the credit.

27 3. The council shall determine the final amount of credit approved for each

1 taxpayer based upon the actual expenditures, preliminary determination
 2 of maximum credit, and a determination that the expenditures are
 3 qualified rehabilitation expenses.

4 4. The council shall notify the taxpayer and Department of Revenue of the
 5 final approved credit amount within sixty (60) days of the receipt of a
 6 completed application from the taxpayer.

7 (c) 1. If the total amount of credits finally approved for a taxpayer under
 8 paragraph (b) of this subsection are less than the credits initially
 9 approved for a taxpayer under paragraph (a) of this subsection, the
 10 difference between the two (2) amounts shall be added to the certified
 11 rehabilitation credit cap for the next calendar year.

12 2. If the total amount of credits approved under paragraph (a) of this
 13 subsection in any calendar year is less than the certified rehabilitation
 14 credit cap, the difference between the credits actually awarded and the
 15 certified rehabilitation credit cap shall be added to the certified
 16 rehabilitation credit cap for the next calendar year.

17 (3) (a) The maximum credit which may be claimed with regard to owner-occupied
 18 residential property shall be one hundred twenty~~sixty~~ thousand dollars
 19 (\$120,000)~~(\$60,000)~~ subject to subsection (5) of this section. The credit in
 20 this section shall be claimed for the taxable year in which the certified
 21 rehabilitation is completed.

22 (b) The maximum credit which may be claimed with regard to all other property
 23 that is not owner-occupied residential shall be ten million~~four hundred~~
 24 ~~thousand~~ dollars (\$10,000,000)~~(\$400,000)~~ subject to subsection (5) of this
 25 section. The credit in this section shall be claimed for the taxable year in
 26 which the certified rehabilitation is completed.

27 (4) In the case of a husband and wife filing separate returns or filing separately on a

1 joint return, the credit may be taken by either or divided equally, but the combined
2 credit shall not exceed one hundred twenty~~sixty~~ thousand dollars
3 (\$120,000)~~(\$60,000)~~ if subject to the limitation in subsection (3)(a) of this section,
4 or ten million~~four hundred thousand~~ dollars (\$10,000,000)~~(\$400,000)~~ if subject
5 to the limitation in subsection (3)(b) of this section, subject to the provisions of
6 subsection (5) of this section.

7 (5) The credit amount approved for a calendar year for all taxpayers under subsection
8 (2)(a) of this section shall be limited to the certified rehabilitation credit cap. When
9 the total credits applied for and approved in any year under subsection (2)(a) of this
10 section exceed the certified rehabilitation credit cap, the council shall apportion the
11 certified rehabilitation credit cap as follows: The certified rehabilitation credit cap
12 for the year under consideration shall be multiplied by a fraction, the numerator
13 which is the approved credit amount for an individual taxpayer for a calendar year
14 and the denominator which is the total approved credits for all taxpayers for a
15 calendar year.

16 (6) (a) For all applications received prior to April 30, 2010, if the credit amount that
17 may be claimed in any tax year as determined under subsections (3) to (5) of
18 this section exceeds the taxpayer's total tax liabilities under KRS 136.505,
19 141.020, or 141.040 and 141.0401, the taxpayer may carry the excess tax
20 credit forward until the tax credit is used, provided that any tax credits not
21 used within seven (7) years of the taxable year the certified rehabilitation was
22 complete shall be lost.

23 (b) For all applications received on or after April 30, 2010, if the credit amount
24 that may be claimed in any tax year as determined under subsections (3) to (5)
25 of this section exceeds the taxpayer's total tax liabilities under KRS 136.505,
26 141.020, or 141.040 and 141.0401, the taxpayer may receive a refund, if the
27 taxpayer elected to take the credit as required by subsection (2)(b) of this

1 section.

2 (7) (a) The credit shall apply against both the tax imposed by KRS 141.020 or
3 141.040 and the limited liability entity tax imposed by KRS 141.0401, with
4 the ordering of credits as provided in KRS 141.0205.

5 (b) 1. For applications received prior to April 30, 2010, if the taxpayer is a
6 pass-through entity not subject to the tax imposed by KRS 141.040, the
7 taxpayer shall apply the credit at the entity level against the limited
8 liability tax entity imposed by KRS 141.0401, and shall also pass the
9 credit through in the same proportion as the distributive share of income
10 or loss is passed through.

11 2. For applications received on or after April 30, 2010, if the taxpayer is a
12 pass-through entity not subject to the tax imposed by KRS 141.040, the
13 taxpayer shall apply the credit at the entity level against the limited
14 liability tax entity imposed by KRS 141.0401, and may receive a refund
15 if the taxpayer elected to take the credit as required by subsection
16 (2)(b)2.a. of this section.

17 (8) Credits received under this section may be transferred or assigned if an election is
18 made under subsection (2)(b) of this section, for some or no consideration, along
19 with any related benefits, rights, responsibilities, and liabilities to ***a financial***
20 ***institution as defined in KRS 141.010***~~[any entity]~~ subject to the ~~taxes~~***tax*** imposed
21 by KRS 136.505, ***141.040, or 141.0401***. Within thirty (30) days of the date of any
22 transfer of credits, the party transferring the credits shall notify the Department of
23 Revenue of:

24 (a) The name, address, employer identification number, and bank routing and
25 transfer number, of the party to which the credits are transferred;

26 (b) The amount of credits transferred; and

27 (c) Any additional information the Department of Revenue deems necessary.

1 The provisions of this subsection shall apply to any credits that pass through to a
2 successor or beneficiary of a taxpayer.

3 (9) For purposes of this section, a lessee of a certified historic structure shall be treated
4 as the owner of the structure if the remaining term of the lease is not less than the
5 minimum period promulgated by administrative regulation by the council.

6 (10) The taxes imposed in KRS 141.020, 141.040, and 141.0401 shall not apply to any
7 consideration received for the transfer, sale, assignment, or use of a tax credit
8 approved under this section.

9 (11) The Department of Revenue shall assess a penalty on any taxpayer or exempt entity
10 that performs disqualifying work, as determined by the Kentucky Heritage Council,
11 on a certified historic structure for which a rehabilitation has been certified under
12 this section in an amount equal to one hundred percent (100%) of the tax credit
13 allowed on the rehabilitation. Any penalties shall be assessed against the property
14 owner who performs the disqualifying work and not against any transferee of the
15 credits.

16 (12) The council may impose fees for processing applications for tax credits, not to
17 exceed the actual cost associated with processing the applications.

18 (13) The council may authorize a local government to perform an initial review of
19 applications for the credit allowed under this section and forward the applications to
20 the council with its recommendations.

21 (14) The council and the Department of Revenue may promulgate administrative
22 regulations in accordance with the provisions of KRS Chapter 13A to establish
23 policies and procedures to implement the provisions of subsections (1) to (13) of
24 this section.

25 (15) The tax credit authorized by this section shall apply to tax periods ending on or after
26 December 31, 2005.

27 ➔Section 50. KRS 131.110 is amended to read as follows:

- 1 (1) (a) The department~~[of Revenue]~~ shall mail to the taxpayer a notice of any tax
2 assessed by it. The assessment shall be due and payable if not protested in
3 writing to the department within:
- 4 1. Forty-five (45) days from the date of notice, for assessments issued prior
5 to July 1, 2018; and
 - 6 2. Sixty (60) days from the date of notice, for assessments issued on or
7 after July 1, 2018.
- 8 (b) Claims for refund of paid assessments may be made under KRS 134.580 and
9 denials appealed under KRS 49.220.
- 10 (c) 1. The protest shall be accompanied by a supporting statement setting forth
11 the grounds upon which the protest is made.
- 12 2. Upon written request, the department may extend the time for filing the
13 supporting statement if it appears the delay is necessary and
14 unavoidable.
 - 15 3. The refusal of the extension may be reviewed in the same manner as a
16 protested assessment.
- 17 (2) After a timely protest has been filed, the taxpayer may request a conference with the
18 department. The request shall be granted in writing stating the date and time set for
19 the conference. The taxpayer may appear in person or by representative. Further
20 conferences may be held by mutual agreement.
- 21 (3) (a) After considering the taxpayer's protest, including any matters presented at the
22 final conference, the department shall issue a final ruling on any matter still in
23 controversy, which shall be mailed to the taxpayer. The ruling shall state that
24 it is a final ruling of the department, generally state the issues in controversy,
25 the department's position thereon and set forth the procedure for prosecuting
26 an appeal to the Board of Tax Appeals.
- 27 (b)~~[(4)]~~ The taxpayer may request in writing a final ruling at any time after filing

1 a timely protest and supporting statement. When a final ruling is requested,
 2 the department shall issue such ruling within thirty (30) days from the date the
 3 request is received by the department.

4 **(c) If a taxpayer files a timely protest in dispute of a property tax assessment**
 5 **issued under KRS 136.120 to 136.180 and does not receive from the**
 6 **department, within one (1) year from the date on which the protest was**
 7 **filed:**

8 **1. A fully executed written agreement to settle the protest as authorized**
 9 **under KRS 131.030(3);**

10 **2. A final ruling in accordance with paragraphs (a) or (b) of this**
 11 **subsection; or**

12 **3. Resolution and closure of the protest;**
 13 **the department shall immediately issue a final ruling that accepts the**
 14 **taxpayer's grounds of the protest, including the taxpayer's proposed true**
 15 **value as stated in the protest.**

16 ~~(4)~~~~(5)~~ After a final ruling has been issued, the taxpayer may appeal to the Board of
 17 Tax Appeals pursuant to the provisions of KRS 49.220.

18 ➔Section 51. KRS 131.183 is amended to read as follows:

19 (1) (a) Except for the addition to tax required when an underpayment of estimated tax
 20 occurs under KRS 141.044 and 141.305, all taxes payable to the
 21 Commonwealth not paid at the time prescribed by statute shall accrue interest
 22 at the tax interest rate.

23 (b) **1. a. Except as provided by subparagraph 2 of this paragraph,** the tax
 24 interest rate shall be equal to the adjusted prime rate charged by
 25 banks rounded to the nearest full percent as adjusted by subsection
 26 (2) of this section.

27 **b.**~~(c)~~ The commissioner of revenue shall adjust the tax interest rate

1 not later than November 15 of each year if the adjusted prime rate
 2 charged by banks during September of that year, rounded to the
 3 nearest full percent, is at least one (1) percentage point more or
 4 less than the tax interest rate which is then in effect. The adjusted
 5 tax interest rate shall become effective on January 1 of the
 6 immediately succeeding year.

7 **2. For additional tax billed in accordance with KRS 136.180(2), the tax**
 8 **interest rate shall be equal to the federal short-term rate applicable to**
 9 **each quarter of the period that begins on the date the protest was filed**
 10 **by the taxpayer under Section 50 of this Act and ends on the due date**
 11 **of the tax as stated on the final tax bill. The federal short-term rate for**
 12 **each quarter shall be the federal short-term rate determined by the**
 13 **Secretary of the Treasury under Section 6621(b) of the Internal**
 14 **Revenue Code of 1986 or equivalent section in case of amendment.**
 15 **The two percent (2%) adjustment provided by subsection (2)(a) of this**
 16 **section shall not apply to the interest rate determined under this**
 17 **subparagraph.**

18 (2) (a) 1. All taxes payable to the Commonwealth that have not been paid at the
 19 time prescribed by statute shall accrue interest at the tax interest rate as
 20 determined in accordance with subsection (1) of this section until May 1,
 21 2008.

22 2. Beginning on May 1, 2008, all taxes payable to the Commonwealth that
 23 have not been paid at the time prescribed by statute shall accrue interest
 24 at the tax interest rate as determined in accordance with subsection (1) of
 25 this section plus two percent (2%).

26 (b) 1. Interest shall be allowed and paid upon any overpayment as defined in
 27 KRS 134.580 in respect of any of the taxes provided for in Chapters

- 1 131, 132, 134, 136, 137, 138, 139, 140, 141, 142, 143, 143A, and 243 of
2 the Kentucky Revised Statutes and KRS 160.613 and 160.614 at the rate
3 provided in subsection (1) of this section until May 1, 2008.
- 4 2. Beginning on May 1, 2008, interest shall be allowed and paid upon any
5 overpayment as defined in KRS 134.580 at the rate provided in
6 subsection (1) of this section minus two percent (2%).
- 7 3. Effective for refunds issued after April 24, 2008, except for the
8 provisions of KRS 138.351, 141.044(2), 141.235(3), and subsection (3)
9 of this section, interest authorized under this subsection shall begin to
10 accrue sixty (60) days after the latest of:
- 11 a. The due date of the return;
- 12 b. The date the return was filed;
- 13 c. The date the tax was paid;
- 14 d. The last day prescribed by law for filing the return; or
- 15 e. The date an amended return claiming a refund is filed.
- 16 (c) In no case shall interest be paid in an amount less than five dollars (\$5).
- 17 (d) No refund shall be made of any estimated tax paid unless a return is filed as
18 required by KRS Chapter 141.
- 19 (3) Effective for refund claims filed on or after July 15, 1992, if any overpayment of the
20 tax imposed under KRS Chapter 141 results from a carryback of a net operating loss
21 or a net capital loss, the overpayment shall be deemed to have been made on the
22 date the claim for refund was filed. Interest authorized under subsection (2) of this
23 section shall begin to accrue ninety (90) days from the date the claim for refund was
24 filed.
- 25 (4) No interest shall be allowed or paid on any sales tax refund as provided by KRS
26 139.536.
- 27 (5) For purposes of this section, any addition to tax provided in KRS 141.044 and

1 141.305 shall be considered a penalty.

2 ➔SECTION 52. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
3 READ AS FOLLOWS:

4 (1) As used in this section:

5 (a) "Assignee" means the taxpayer to whom the credit allowed under this
6 section is transferred;

7 (b) "Exempt entity" means any tax-exempt organization under Section
8 501(c)(3) of the Internal Revenue Code, any political subdivision of the
9 Commonwealth, any state or local agency, board, or commission, or any
10 quasi-governmental entity;

11 (c) "Qualifying expenditures" has the same meaning as in Section 53 of this
12 Act;

13 (d) "Qualifying decontamination property" has the same meaning as in
14 Section 53 of this Act; and

15 (e) "Taxpayer" means any:

16 1. Entity that is subject to the taxes imposed by KRS 141.020 or KRS
17 141.040 and 141.0401; or

18 2. Exempt entity and may include any individual, corporation, limited
19 liability company, business development corporation, partnership,
20 limited partnership, sole proprietorship, association, joint stock
21 company, receivership, trust, professional service organization, or
22 other legal entity through which business is conducted that claims the
23 credit or transfers the credit under this section.

24 (2) For taxable years beginning on or after January 1, 2022, but before January 1,
25 2032, a taxpayer making a qualifying expenditure at a qualifying
26 decontamination property shall be allowed a refundable credit against the taxes
27 imposed by KRS 141.020 or 141.040 and 141.0401, with the ordering of credits as

1 provided in Section 54 of this Act.

2 (3) The department may promulgate administrative regulations in accordance with
3 the provisions of KRS Chapter 13A to establish policies and procedures to
4 implement the provisions of this section.

5 (4) Any taxpayer approved for credit under this section shall not also claim or apply
6 for credit related to the remediation or decontamination of the same qualifying
7 property under KRS 141.418.

8 (5) The taxpayer receiving the credits may assign, sell, or transfer, in whole or in
9 part, the tax credit to any other taxpayer. Within thirty (30) days of credit
10 transfer, the assignor shall provide written notice to the department of its intent
11 to transfer or sell the tax credit along with supporting documentation prescribed
12 by the department which shall include but not be limited to:

13 (a) Date on which the transfer is effective;

14 (b) Assignee's name, taxpayer identification number, address, and bank
15 routing and transfer number; and

16 (c) Total amount of credit to be transferred.

17 (6) (a) The purpose of this credit is to encourage investment in and
18 decontamination or remediation of qualifying decontamination property. In
19 order for the General Assembly to evaluate the fulfillment of the purpose
20 stated in this section, the department shall provide the following
21 information on a cumulative basis for each taxable year to provide a
22 historical impact of the tax credit to the Commonwealth:

23 1. The number of tax returns, by the tax type of return filed, claiming the
24 credit for each taxable year;

25 2. The total amount of credit claimed on returns filed for each taxable
26 year;

27 3. The cumulative number of projects by county, as identified by the

1 county in which the qualifying decontamination project is located, for
 2 each taxable year;

3 4. The cumulative total of credits claimed by county, as identified by the
 4 county in which the qualifying decontamination project is located for
 5 each taxable year;

6 5. a. In the case of taxpayers other than corporations, based on
 7 ranges of adjusted gross income of no larger than five thousand
 8 dollars (\$5,000), the total amount of credits claimed for each
 9 adjusted gross income range for each taxable year; and

10 b. In the case of corporations, based on ranges of net income of no
 11 larger than fifty thousand dollars (\$50,000), the total amount of
 12 credits claimed for each net income range for each taxable year;
 13 and

14 6. Any other taxpayer information necessary for the General Assembly to
 15 evaluate this credit.

16 (b) The report required by paragraph (a) of this subsection shall be submitted
 17 to the Interim Joint Committee on Appropriations and Revenue no later
 18 than November 1, 2024, and annually thereafter as long as the
 19 decontamination tax credit is claimed on any tax return filed.

20 ➔SECTION 53. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER
 21 224 IS CREATED TO READ AS FOLLOWS:

22 (1) For purposes of this section:

23 (a) "Assignor" means the recipient of the tax credit who may assign, sell, or
 24 transfer, in whole or in part, the tax credit to any other taxpayer;

25 (b) "Department" means the Department of Revenue;

26 (c) "Qualifying expenditures" means up to one hundred percent (100%) of the
 27 costs of materials, supplies, equipment, labor, professional engineering,

1 consulting and architectural fees, permitting fees and expenses, demolition,
2 asbestos abatement, and direct utility charges for voluntarily performing
3 activities to decontaminate or remediate any preexisting hazardous
4 substance, pollutant or contaminant, or petroleum and petroleum products
5 as defined in KRS 224.60-115, including but not limited to the costs of
6 performing operation and maintenance of the remediation systems and
7 equipment at the qualifying decontamination property beyond the year in
8 which the systems and equipment are built and installed and the costs of
9 performing the remediation activities following the taxpayer's tax year in
10 which the systems and equipment were first put into use at the qualifying
11 decontamination property; and

12 (d) "Qualifying decontamination property" includes qualifying voluntary
13 environmental remediation property as defined in KRS 141.418 and shall
14 also include real property under the Brownfield Redevelopment Program as
15 established in KRS 224.1-415, if the guidelines in KRS 141.418(1)(e) are
16 met.

17 (2) There is hereby created a decontamination tax credit.

18 (3) (a) For taxable years beginning on or after January 1, 2022, but before
19 January 1, 2032, a taxpayer making a qualifying expenditure at a
20 qualifying decontamination property shall be allowed a refundable credit
21 against the taxes imposed by KRS 141.020 or 141.040 and 141.0401, with
22 the ordering of credits as provided in Section 54 of this Act.

23 (b) The credit shall be equal to the amount of expenditures made by the
24 taxpayer for the decontamination or remediation of the qualifying
25 decontamination property.

26 (c) The total credit awarded per qualifying decontamination property shall not
27 exceed thirty million dollars (\$30,000,000).

1 (d) The amount of credit to be taken in a taxable year shall not exceed twenty
2 five percent (25%) of the total amount of approved credit.

3 (4) The qualifying expenditures:

4 (a) Shall be in accordance with a corrective action plan approved by the cabinet
5 under KRS 224.1-400, 224.1-405, or 224.60-135; and

6 (b) May include up to one hundred percent (100%) of the costs of demolition
7 that are not directly part of the decontamination or remediation activities,
8 provided that the demolition is:

9 1. a. On the property where the decontamination or remediation
10 activities are occurring; or

11 b. On adjacent property, so long as it is independently qualified as
12 abandoned or underutilized;

13 2. Necessary to accomplish the planned use of the property where the
14 decontamination or remediation activities are occurring; and

15 3. Part of a redevelopment plan approved by the municipal or county
16 government and the cabinet.

17 (5) The decontamination or remediation shall not be financed through a public grant
18 program or the petroleum storage tank environmental assurance fund under
19 KRS 224.60-115.

20 (6) The amount of reasonably anticipated total qualifying expenditures associated
21 with the qualifying decontamination property shall equal or exceed ten million
22 dollars (\$10,000,000).

23 (7) (a) The qualifying decontamination property shall be located:

24 1. Within one-half (1/2) mile of a tax increment financing development
25 area; or

26 2. In a census tract that qualifies for the use of the Kentucky New
27 Markets Development Program tax credit created under KRS 141.434.

1 (b) The amount of reasonably anticipated capital investment in the qualifying
 2 decontamination property shall exceed thirty million dollars (\$30,000,000).

3 (8) (a) Beginning on or after January 1, 2022, a taxpayer seeking the credit
 4 established in this section shall file an application with the cabinet not less
 5 than thirty (30) days prior to the date the qualifying expenditures will begin,
 6 and on a form as prescribed by the cabinet for determination of eligibility.

7 (b) The application shall include supporting documentation including:

8 1. The name, address, and taxpayer identification number of the owner
 9 of the qualifying decontamination property;

10 2. Detailed description of the property;

11 3. The proposed start and completion dates for the project; and

12 4. The projected amount of total capital investment and qualifying
 13 expenditures associated with the property.

14 (c) Taxpayers awarded a credit under this subsection shall submit receipts
 15 annually to the cabinet verifying the qualifying expenditures claimed.

16 (d) The cabinet shall make a determination of the maximum credit available
 17 for the qualifying decontamination property and provide notification of the
 18 awarded credit amount to the department and taxpayer within sixty (60)
 19 days of the date on which the application was filed.

20 (e) Any taxpayer approved for credit under this section shall not also claim or
 21 apply for any other credit related to the decontamination or remediation of
 22 the same qualifying decontamination property.

23 ➔Section 54. KRS 141.0205 is amended to read as follows:

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

27 (1) The nonrefundable business incentive credits against the tax imposed by KRS

- 1 141.020 shall be taken in the following order:
- 2 (a) The limited liability entity tax credit permitted by KRS 141.0401;
- 3 (b) The economic development credits computed under KRS 141.347, 141.381,
4 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-
5 207, and 154.12-2088;
- 6 (c) The qualified farming operation credit permitted by KRS 141.412;
- 7 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 8 (e) The health insurance credit permitted by KRS 141.062;
- 9 (f) The tax paid to other states credit permitted by KRS 141.070;
- 10 (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 11 (h) The recycling or composting equipment credit permitted by KRS 141.390;
- 12 (i) The tax credit for cash contributions in investment funds permitted by KRS
13 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
14 154.20-258;
- 15 (j) The research facilities credit permitted by KRS 141.395;
- 16 (k) The employer High School Equivalency Diploma program incentive credit
17 permitted under KRS 151B.402;
- 18 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 19 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 20 (n) The clean coal incentive credit permitted by KRS 141.428;
- 21 (o) The ethanol credit permitted by KRS 141.4242;
- 22 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 23 (q) The energy efficiency credits permitted by KRS 141.436;
- 24 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 25 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 26 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 27 (u) The distilled spirits credit permitted by KRS 141.389;

- 1 (v) The angel investor credit permitted by KRS 141.396;
- 2 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 3 on or after April 27, 2018, but before January 1, 2022;
- 4 (x) The inventory credit permitted by KRS 141.408; and
- 5 (y) The renewable chemical production credit permitted by KRS 141.4231.
- 6 (2) After the application of the nonrefundable credits in subsection (1) of this section,
- 7 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
- 8 shall be taken in the following order:
- 9 (a) The individual credits permitted by KRS 141.020(3);
- 10 (b) The credit permitted by KRS 141.066;
- 11 (c) The tuition credit permitted by KRS 141.069;
- 12 (d) The household and dependent care credit permitted by KRS 141.067;
- 13 (e) The income gap credit permitted by KRS 141.066; and
- 14 (f) The Education Opportunity Account Program tax credit permitted by KRS
- 15 141.522.
- 16 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 17 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
- 18 taken in the following order:
- 19 (a) The individual withholding tax credit permitted by KRS 141.350;
- 20 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 21 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 22 171.397(1)(b);
- 23 (d) The film industry tax credit permitted by KRS 141.383 for applications
- 24 approved prior to April 27, 2018, or on or after January 1, 2022;~~and~~
- 25 (e) The development area tax credit permitted by KRS 141.398; and
- 26 (f) The decontamination tax credit permitted by Section 52 of this Act.
- 27 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the

- 1 tax imposed by KRS 141.040.
- 2 (5) The following nonrefundable credits shall be applied against the sum of the tax
3 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
4 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 5 (a) The economic development credits computed under KRS 141.347, 141.381,
6 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-
7 207, and 154.12-2088;
- 8 (b) The qualified farming operation credit permitted by KRS 141.412;
- 9 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 10 (d) The health insurance credit permitted by KRS 141.062;
- 11 (e) The unemployment credit permitted by KRS 141.065;
- 12 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 13 (g) The coal conversion credit permitted by KRS 141.041;
- 14 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
15 ending prior to January 1, 2008;
- 16 (i) The tax credit for cash contributions to investment funds permitted by KRS
17 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
18 154.20-258;
- 19 (j) The research facilities credit permitted by KRS 141.395;
- 20 (k) The employer High School Equivalency Diploma program incentive credit
21 permitted by KRS 151B.402;
- 22 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 23 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 24 (n) The clean coal incentive credit permitted by KRS 141.428;
- 25 (o) The ethanol credit permitted by KRS 141.4242;
- 26 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 27 (q) The energy efficiency credits permitted by KRS 141.436;

- 1 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
2 permitted by KRS 141.437;
- 3 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 4 (t) The railroad expansion credit permitted by KRS 141.386;
- 5 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 6 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 7 (w) The distilled spirits credit permitted by KRS 141.389;
- 8 (x) The film industry credit permitted by KRS 141.383 for applications approved
9 on or after April 27, 2018, but before January 1, 2022;
- 10 (y) The inventory credit permitted by KRS 141.408;
- 11 (z) The renewable chemical production tax credit permitted by KRS 141.4231;
- 12 and
- 13 (aa) The Education Opportunity Account Program tax credit permitted by KRS
14 141.522.
- 15 (6) After the application of the nonrefundable credits in subsection (5) of this section,
16 the refundable credits shall be taken in the following order:
- 17 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 18 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
19 171.397(1)(b); ~~and~~
- 20 (c) The film industry tax credit permitted by KRS 141.383 for applications
21 approved prior to April 27, 2018, or on or after January 1, 2022; **and**
- 22 **(d) The decontamination tax credit permitted by Section 52 of this Act.**
- 23 ➔Section 55. KRS 131.190 is amended to read as follows:
- 24 (1) No present or former commissioner or employee of the department, present or
25 former member of a county board of assessment appeals, present or former property
26 valuation administrator or employee, present or former secretary or employee of the
27 Finance and Administration Cabinet, former secretary or employee of the Revenue

1 Cabinet, or any other person, shall intentionally and without authorization inspect or
2 divulge any information acquired by him or her of the affairs of any person, or
3 information regarding the tax schedules, returns, or reports required to be filed with
4 the department or other proper officer, or any information produced by a hearing or
5 investigation, insofar as the information may have to do with the affairs of the
6 person's business.

- 7 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 8 (a) Information required in prosecutions for making false reports or returns of
9 property for taxation, or any other infraction of the tax laws;
 - 10 (b) Any matter properly entered upon any assessment record, or in any way made
11 a matter of public record;
 - 12 (c) Furnishing any taxpayer or his or her properly authorized agent with
13 information respecting his or her own return;
 - 14 (d) Testimony provided by the commissioner or any employee of the department
15 in any court, or the introduction as evidence of returns or reports filed with the
16 department, in an action for violation of state or federal tax laws or in any
17 action challenging state or federal tax laws;
 - 18 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
19 energy resources assessed under KRS 132.820, or owners of surface land
20 under which the unmined minerals lie, factual information about the owner's
21 property derived from third-party returns filed for that owner's property, under
22 the provisions of KRS 132.820, that is used to determine the owner's
23 assessment. This information shall be provided to the owner on a confidential
24 basis, and the owner shall be subject to the penalties provided in KRS
25 131.990(2). The third-party filer shall be given prior notice of any disclosure
26 of information to the owner that was provided by the third-party filer;
 - 27 (f) Providing to a third-party purchaser pursuant to an order entered in a

- 1 foreclosure action filed in a court of competent jurisdiction, factual
2 information related to the owner or lessee of coal, oil, gas reserves, or any
3 other mineral resources assessed under KRS 132.820. The department may
4 promulgate an administrative regulation establishing a fee schedule for the
5 provision of the information described in this paragraph. Any fee imposed
6 shall not exceed the greater of the actual cost of providing the information or
7 ten dollars (\$10);
- 8 (g) Providing information to a licensing agency, the Transportation Cabinet, or
9 the Kentucky Supreme Court under KRS 131.1817;
- 10 (h) Statistics of gasoline and special fuels gallonage reported to the department
11 under KRS 138.210 to 138.448;
- 12 (i) Providing any utility gross receipts license tax return information that is
13 necessary to administer the provisions of KRS 160.613 to 160.617 to
14 applicable school districts on a confidential basis;
- 15 (j) Providing documents, data, or other information to a third party pursuant to an
16 order issued by a court of competent jurisdiction; or
- 17 (k) 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;~~and~~
- 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. Section 52 of this Act for purposes of the decontamination tax credit.**

- 13 (3) The commissioner shall make available any information for official use only and on
- 14 a confidential basis to the proper officer, agency, board or commission of this state,
- 15 any Kentucky county, any Kentucky city, any other state, or the federal government,
- 16 under reciprocal agreements whereby the department shall receive similar or useful
- 17 information in return.
- 18 (4) Access to and inspection of information received from the Internal Revenue Service
- 19 is for department use only, and is restricted to tax administration purposes.
- 20 Information received from the Internal Revenue Service shall not be made available
- 21 to any other agency of state government, or any county, city, or other state, and shall
- 22 not be inspected intentionally and without authorization by any present secretary or
- 23 employee of the Finance and Administration Cabinet, commissioner or employee of
- 24 the department, or any other person.
- 25 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
- 26 requirements of KRS Chapter 137 and statistics of natural gas production as
- 27 reported to the department under the natural resources severance tax requirements

1 of KRS Chapter 143A may be made public by the department by release to the
2 Energy and Environment Cabinet, Department for Natural Resources.

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

12 ➔Section 56. (1) The Legislative Research Commission shall direct the staff
13 of the Legislative Research Commission to gather information related to electric vehicles
14 and transportation funding, including:

15 (a) Other state's statutes, regulations, and policies; and

16 (b) Federal government regulations and guidance.

17 (2) The staff shall gather the information during the 2022 Interim of the General
18 Assembly and report to the Legislative Research Commission the findings on a monthly
19 basis, with reports due on June 30, 2022, July 30, 2022, August 30, 2022, September 30,
20 2022, October 30, 2022, and a summary of all information gathered submitted no later
21 than December 1, 2022, for referral to the Interim Joint Committee on Appropriations and
22 Revenue and the Interim Joint Committee on Transportation.

23 ➔Section 57. Jailer Canteen Accounts: Notwithstanding KRS 67.0802(6)(a), any
24 compensation resulting from the disposal of real or personal property that was purchased
25 from a canteen account under KRS 441.135 shall be returned to the canteen account from
26 which the real or personal property was originally purchased. All proceeds resulting from
27 the disposal of real or personal property purchased from a canteen account shall be

1 reported to the Interim Joint Committee on Appropriations and Revenue by December 1
2 of each fiscal year.

3 ➔Section 58. Administrative Fee on Infrastructure for Economic Development
4 Fund Projects: A one-half of one percent administrative fee is authorized to be paid to the
5 Kentucky Infrastructure Authority for the administration of each project funded by the
6 Infrastructure for Economic Development Fund for Coal-Producing Counties and the
7 Infrastructure for Economic Development Fund for Tobacco Counties. These
8 administrative fees shall be paid, upon inception of the project, out of the fund from
9 which the project was allocated.

10 ➔Section 59. Charges for Federal, State, and Local Audits: Any additional
11 expenses incurred by the Auditor of Public Accounts for required audits of Federal Funds
12 shall be charged to the government or agency that is the subject of the audit. The Auditor
13 of Public Accounts receives General Fund appropriations for audits of the statewide
14 systems of personnel and payroll, cash and investments, revenue collection, and the state
15 accounting system. Any expenses incurred by the Auditor of Public Accounts for any
16 other audits shall be charged to the agency that is the subject of such audit. The Auditor
17 of Public Accounts shall maintain a record of all time and expenses for each audit or
18 investigation.

19 Any expenses incurred by the Auditor of Public Accounts for auditing individual
20 governmental entities when mandated by a legislative committee shall be charged to the
21 agency or entity receiving audit services.

22 ➔Section 60. Personnel Board Operating Assessment: Each Agency of the
23 Executive Branch with employees covered by KRS Chapter 18A shall be assessed each
24 fiscal year the amount required for the operation of the Personnel Board. The agency
25 assessment shall be determined by the Secretary of the Finance and Administration
26 Cabinet based on the authorized full-time positions of each agency on July 1 of each year
27 of the biennium. The Secretary of the Finance and Administration Cabinet shall collect

1 the assessment.

2 ➔Section 61. Water Withdrawal Fees: The water withdrawal fees imposed by the
3 Kentucky River Authority shall not be subject to state and local taxes. Notwithstanding
4 KRS 151.710(10), Tier 1 water withdrawal fees shall be used to support the operations of
5 the Authority and for contractual services for water supply and quality studies.

6 ➔Section 62. Urgent Needs School Assistance: If a school district receives an
7 allotment for an Urgent Needs School authorized in 2014 Ky. Acts ch. 117, Part I, A.,
8 28., (5), 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b), 2016 Ky. Acts ch. 149, Part I, A.,
9 28., (4) and (5), 2018 Ky. Acts ch. 169, Part I, A., 27., (3), or 2021 Ky. Acts ch. 169, Part
10 I, A., 28., (3), and subsequently, as a result of litigation or insurance, receives funds for
11 the original facility, the school district shall reimburse the Commonwealth an amount
12 equal to that received for such purposes. If the litigation or insurance receipts are less than
13 the amount received, the district shall reimburse the Commonwealth an amount equal to
14 that received as a result of litigation or insurance less the district's costs and legal fees in
15 securing the judgment or payment. Any funds received in this manner shall be deposited
16 in the General Fund.

17 ➔Section 63. Premium and Retaliatory Taxes: Notwithstanding KRS 304.17B-
18 021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and
19 retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the
20 General Fund.

21 ➔Section 64. Monthly Per Employee Health Insurance Benefits Assessment: The
22 Personnel Cabinet shall collect a benefits assessment per month per employee eligible for
23 health insurance coverage in the state group for duly authorized use by the Personnel
24 Cabinet in administering its statutory and administrative responsibilities, including but
25 not limited to administration of the Commonwealth's health insurance program.

26 ➔Section 65. KRS 134.490 is amended to read as follows:

27 (1) ~~{The following notices shall be sent by a third party purchaser to the delinquent~~

1 taxpayer by first class mail with proof of mailing, and shall include the
 2 information required by subsection (3)(d) of this section.}]

3 (a) Within fifty (50) days after the delivery of a certificate of delinquency by the
 4 clerk to a third-party purchaser, the third-party purchaser shall send a notice to
 5 the delinquent taxpayer informing the delinquent taxpayer that the certificate
 6 of delinquency has been purchased by the third-party purchaser.}] and]

7 (b) At least annually thereafter, until the notice required by subsection (2) of this
 8 section is sent, the third-party purchaser shall send a notice to the delinquent
 9 taxpayer.

10 **(c) The notices included in this subsection shall be sent by certified mail with**
 11 **proof of mailing and include the information required by subsection (3)(d)**
 12 **of this section. A copy of each notice shall be sent to each mortgagee who**
 13 **holds a mortgage on the property that is the subject of the certificate of**
 14 **delinquency.**

15 (2) Anytime after the expiration of the one (1) year tolling period established by KRS
 16 134.546, the third-party purchaser may institute an action to collect the amount due
 17 on a certificate of delinquency. At least forty-five (45) days before instituting a legal
 18 action, the third-party purchaser shall send **a notice** to the taxpayer **and a copy of**
 19 **the notice to each mortgagee who holds a mortgage on the property** by
 20 **certified**]}first class} mail with proof of mailing,}] a notice informing the taxpayer
 21 that enforcement action will be taken}. **The**]}This} notice shall;

22 **(a) Inform the taxpayer that enforcement action will be taken;**

23 **(b) Include a statement advising the taxpayer that substantial additional**
 24 **administrative costs and fees associated with collection in addition to the**
 25 **amount due on the certificate of delinquency may be imposed and that**
 26 **collection actions may include foreclosure; and**

27 **(c) [also]**Include the information required by subsection (3) of this section.

1 The notice~~[, and]~~ shall be in addition to any notice sent under subsection (1) of this
2 section.

- 3 (3) (a) 1. For certificates of delinquency for all property except property described
4 in paragraph (b) of this subsection, third-party purchasers or their
5 designees shall obtain from the office of the property valuation
6 administrator of the county in which the real property is located the most
7 recent address for the property owner.
- 8 2. To obtain information from the office of the property valuation
9 administrator, the third-party purchaser shall, at the option of the
10 property valuation administrator, either:
- 11 a. Obtain information from an up-to-date public access list or Web
12 site offered by the property valuation administrator; or
- 13 b. Submit a list of addresses, map identification numbers, or parcel
14 numbers for which updated information is requested to the
15 property valuation administrator, who shall update his or her
16 records with regard to the properties for which information is
17 requested and provide the updated information to the third-party
18 purchaser within ten (10) days.
- 19 3. For this service, the property valuation administrator may charge a fee
20 not to exceed two dollars (\$2) for each address provided or obtained.
- 21 4. Except as provided in paragraph (b) of this subsection, the third-party
22 purchaser shall send the notices required by subsections (1) and (2) of
23 this section to the address provided by the property valuation
24 administrator. Unless the provisions of subparagraph 7. of this paragraph
25 apply, the third-party purchaser shall not be required to send a notice to
26 any party other than the owner of record as provided by the property
27 valuation administrator at the time the notice is sent and the mortgagee

1 **as required by subsections (1) and (2) of this section.**

2 5. If, due to insufficient staffing, the property valuation administrator is
3 unable to provide the requested information to the third-party purchaser
4 within ten (10) days of submission, the property valuation administrator
5 shall immediately notify the third-party purchaser, and the third-party
6 purchaser may send the notices required by subsections (1) and (2) of
7 this section to the address reflected in the public records of the property
8 valuation administrator.

9 6. Any notices sent pursuant to information obtained under this paragraph
10 that are returned as undeliverable shall be re-sent by **certified**~~[first-class]~~
11 mail with proof of mailing addressed to the "Occupant" at the address of
12 the property that is the subject of the certificate of delinquency. These
13 notices shall be sent within twenty (20) days of receipt of the returned
14 notice.

15 7. If a third-party purchaser becomes aware of a more recent or more
16 accurate address for a delinquent taxpayer that is different from the
17 address reflected in the records of the property valuation administrator,
18 the third-party purchaser shall send notices to the updated address in the
19 manner required by this subsection, and shall notify the property
20 valuation administrator of the updated address.

21 8. If a third-party purchaser receives an address from the property valuation
22 administrator during an address check after a first notice is sent and
23 returned as undeliverable, and the address is the same as was originally
24 provided, the third-party purchaser shall send the notice addressed to
25 "Occupant" at the address of the property that is the subject of the
26 certificate of delinquency **in the manner required by this subsection.**

27 (b) 1. For certificates of delinquency relating to unmined coal, oil or gas

- 1 reserves, or any other mineral or energy resources assessed separately
2 from the surface real property pursuant to KRS 132.820, third-party
3 purchasers or their designees shall obtain from the department the most
4 recent address for the property owner.
- 5 2. To obtain information about a particular property, the third-party
6 purchaser shall submit to the department a list of addresses, map
7 identification numbers, parcel numbers, and any other information the
8 department may require. The department shall:
- 9 a. Update its records with regard to the properties for which
10 information is requested; and
- 11 b. Provide the updated information to the third-party purchaser within
12 ten (10) business days.
- 13 3. For this service, the department may charge a fee not to exceed two
14 dollars (\$2) for each address provided.
- 15 4. The third-party purchaser shall send the notices required by subsections
16 (1) and (2) of this section relating to unmined coal, oil or gas reserves, or
17 any other mineral or energy resources assessed separately from the
18 surface real property pursuant to KRS 132.820 to the address provided
19 by the department. Unless the provisions of subparagraph 5.f. of this
20 paragraph apply, the third-party purchaser shall not be required to send a
21 notice to any party other than the owner of record as provided by the
22 department at the time the notice is sent **and the mortgagee as required**
23 **by subsections (1) and (2) of this section.**
- 24 5. a. Any notice sent pursuant to subsections (1) and (2) of this section
25 based on information obtained pursuant to this paragraph and
26 returned as undeliverable shall be submitted to the department
27 within ten (10) days of receipt of the returned notice.

- 1 b. The department shall attempt to obtain an updated address for the
2 owner of the property subject to the certificate of delinquency from
3 the individual or entity filing the property tax return for the
4 property.
- 5 c. The individual or entity filing the property tax return shall provide
6 an address of the property owner upon request of the department.
- 7 d. The department shall provide any updated address information to
8 the third-party purchaser.
- 9 e. If updated information is provided, the notices shall be re-sent by
10 certified~~[first-class]~~ mail with proof of mailing to the updated
11 address of the owner within ten (10) days of the receipt of the
12 updated information from the department.
- 13 f. If a third-party purchaser becomes aware of a more recent or more
14 accurate address for a delinquent taxpayer that is different from the
15 address reflected in the records of the department, the third-party
16 purchaser shall send notices to the updated address in the manner
17 required by this subsection, and shall notify the department of the
18 updated address.
- 19 (c) The third-party purchaser shall maintain complete and accurate records of all
20 notices sent pursuant to this section.
- 21 (d) The notices required by this section shall include the following information:
- 22 1. A statement that the certificate of delinquency is a lien of record against
23 the property for which delinquent taxes are owed;
- 24 2. A statement that the certificate bears interest at the rate provided in KRS
25 134.125;
- 26 3. A statement that if the certificate is not paid, it will be subject to
27 collection as provided by law, and that collection actions may include

1 foreclosure. The notice required by subsection (2) of this section shall
2 also include a statement of the intent to institute legal action to collect
3 the amount due;

4 4. A complete listing of the amount due, as of the date of the notice,
5 broken down as follows:

6 a. The purchase price of the certificate of delinquency;

7 b. Interest accrued subsequent to the purchase of the certificate of
8 delinquency; and

9 c. Fees imposed by the third-party purchaser;

10 5. If the third-party purchaser is required to register with the department as
11 provided in KRS 134.128(3), for certificates of delinquency purchased
12 after June 1, 2012, a statement informing the taxpayer that upon written
13 request and the payment of a processing fee, the third-party purchaser
14 will offer a payment plan; and

15 6. Information, in a format and with content as determined by the
16 department, detailing the provisions of the law relating to third-party
17 purchaser fees and charges.

18 (e) In addition, the notice shall provide the following information to the taxpayer:

19 1. The legal name of the third-party purchaser;

20 2. The third-party purchaser's physical address;

21 3. The third-party purchaser's mailing address for payments, if different
22 from the physical address; and

23 4. The third-party purchaser's telephone number.

24 If the information required by this paragraph changes, the third-party
25 purchaser shall, within thirty (30) days of the change becoming effective, send
26 a notice to each taxpayer by certified~~first-class~~ mail with proof of mailing
27 with the corrected information. The third-party purchaser shall also update

1 contact information included in the records of the county clerk within ten (10)
2 days of the change becoming effective. Failure to send the original notice or
3 any correction notices shall result in the suspension of the accrual of all
4 interest and any fees incurred by the third-party purchaser after that date until
5 proper notice is given as required by this subsection.

6 (4) If a person entitled to pay a certificate of delinquency to a third-party purchaser
7 makes payment on the certificate of delinquency to the county clerk under the
8 conditions described in KRS 134.127(3)(d), the payment shall constitute payment in
9 full, and no other amounts may be collected by the third-party purchaser from the
10 person.

11 (5) (a) For certificates of delinquency purchased after June 1, 2012, at the written
12 request of a delinquent taxpayer, a third-party purchaser required to register
13 with the department as provided in KRS 134.128(3) shall provide a monthly
14 installment payment plan to a taxpayer.

15 (b) The taxpayer and third-party purchaser shall sign an agreement detailing the
16 terms of the installment payment plan.

17 (c) The third-party purchaser may impose a processing fee, not to exceed eight
18 dollars (\$8) per month to offset the administrative cost of providing the
19 payment plan. No other fees, charges, interest, or other amounts not expressly
20 authorized by this chapter shall be charged, assessed, or collected by the third-
21 party purchaser.

22 (d) The existence of an agreement to provide a payment plan shall not impact the
23 right of the third-party purchaser to pursue legal action if the delinquent
24 taxpayer fails to follow the terms of the installment payment agreement.

25 (e) Upon default of a delinquent taxpayer:

26 1. The third-party purchaser shall retain all amounts paid, which shall be
27 applied to the outstanding balance due; and

1 2. The third-party purchaser shall not be required to offer the delinquent
2 taxpayer another opportunity for an installment payment plan.

3 (f) If a third-party purchaser who was required to offer payment plans pursuant to
4 paragraph (a) of this subsection, subsequently does not purchase a sufficient
5 number of certificates of delinquency to require registration with the
6 department, the third-party purchaser shall continue to offer payment plans
7 under the conditions established by this subsection for all delinquent taxpayers
8 whose certificates of delinquency were purchased during a period in which the
9 third-party purchaser was required to register with the department.

10 (g) A third-party purchaser who is not required to register with the department as
11 provided in KRS 134.128(3), or who holds certificates of delinquency
12 purchased prior to June 1, 2012, may voluntarily offer installment payment
13 plans to delinquent taxpayers in accordance with the provisions of this
14 subsection.

15 (h) The department may establish additional terms and conditions for installment
16 payment plans in an administrative regulation.

17 (6) Any person to whom a third-party purchaser transfers or assigns a certificate
18 of delinquency shall be considered a third-party purchaser under this chapter.

19 ➔Section 66. KRS 134.504 is amended to read as follows:

20 (1) The department shall be responsible for the collection of certificates of delinquency
21 and personal property certificates of delinquency. The provisions of this section
22 relating to certificates of delinquency shall also apply to personal property
23 certificates of delinquency unless otherwise specifically noted. The department shall
24 offer the collection duties related to certificates of delinquency and personal
25 property certificates of delinquency to the county attorney in each county, unless the
26 department determines that a county attorney has previously failed to perform
27 collection duties in a reasonable and acceptable manner.

1 (2) Any county attorney desiring to perform the collection duties shall enter into a
2 contract with the department on an annual basis.

3 (3) The terms of the contract shall specify the duties to be undertaken by the county
4 attorney, which shall include, at a minimum, the duties set forth in subsection (4) of
5 this section. The terms of the contract shall also provide that, if the county attorney
6 fails to perform the duties required by the contract during the contract period, the
7 department may assume all collection responsibilities.

8 (4) The following duties shall be performed by the department or the county attorney,
9 as the case may be, with regard to each certificate of delinquency:

10 (a) Within thirty (30) days after the establishment of a certificate of delinquency,
11 the county attorney or the department shall mail a notice by regular mail to the
12 owner of record on the assessment date at the address on the records of the
13 property valuation administrator, or to the in-care-of address if an in-care-of
14 address is provided as required by subsection (5) of this section. The notice
15 shall:

16 1. Include the name, address, and telephone number of a contact person in
17 the county attorney's office or the department, as the case may be;

18 2. Advise that:

19 a. The certificate of delinquency is a lien of record against the
20 property on which the taxes are due;

21 b. The amounts due are a personal obligation of the taxpayer on the
22 assessment date; and

23 c. The certificate bears interest at the rate of twelve percent (12%)
24 and, if not paid, will be subject to collection by the county attorney
25 or the department as provided by law;

26 3. Include the total amount due as of the date of the notice;

27 4. **Include in bold print in at least twelve (12) point font, a statement**

1 advising the taxpayer~~[advise]~~ that anytime after ninety (90) days from
2 the creation of the certificate of delinquency, the certificate of
3 delinquency may be paid by a third-party purchaser and, that if so paid,
4 the certificate of delinquency will be subject to collection by the third-
5 party purchaser as provided by law. The notice shall also advise that a
6 third-party purchaser may impose substantial additional administrative
7 costs and fees associated with collection in addition to the amount due
8 on the certificate of delinquency, and that collection actions may include
9 foreclosure. This provision shall not be included in notices sent for
10 personal property certificates of delinquency; and

11 5. Advise that the taxpayer may qualify for a payment plan with the county
12 attorney or the department, if the taxpayer meets the requirements
13 established by the county attorney or the department, and if terms are
14 agreed to prior to the date of the sale;

15 (b) The county attorney or the department shall file in the office of the county
16 clerk a list of the names and addresses to which the thirty (30) day notice was
17 mailed along with a certificate attesting that the notices were mailed in
18 accordance with the requirements of this section;

19 (c) 1. All thirty (30) day notices returned as undeliverable shall be submitted
20 by the county attorney or department to the property valuation
21 administrator, and a list of the returned notices shall be filed with the
22 county clerk, who shall record the list in the order book of the county.

23 2. The property valuation administrator shall attempt to correct inadequate
24 or erroneous addresses and, if property has been transferred, shall
25 determine the new owner, current mailing address, and in-care-of
26 address, if any, as provided in KRS 382.135.

27 3. The property valuation administrator shall return the notices with the

1 corrected information to the county attorney or the department within
2 twenty (20) days of receipt.

3 4. Upon receipt of the new information from the property valuation
4 administrator, the county attorney or the department shall resend the
5 notice required by paragraph (a) of this subsection using the updated
6 information;

7 (d) 1. At least twenty (20) days after the mailing of the thirty (30) day notice
8 required by paragraph (a) of this subsection, but within sixty (60) days
9 of the establishment of a certificate of delinquency, the county attorney
10 or department shall send a second notice, by regular mail, to owners of
11 record whose tax bills remain delinquent, or to the in-care-of addresses
12 or corrected address, if information regarding a new property owner has
13 been received by the county attorney or the department under the
14 provisions of paragraph (c) of this subsection. The notice shall include,
15 at a minimum, the following information:

16 a. The name, address, and telephone number of a contact person in
17 the county attorney's office or the department, as the case may be;

18 b. A statement that a sale of tax claims will be held by the county
19 clerk on the date established by the department for the sale. The
20 text of the statement shall include the actual sale date, as well as a
21 statement noting that the certificate of delinquency may be paid by
22 a third-party purchaser at the sale, and if the certificate of
23 delinquency is paid by a third-party purchaser, it will be subject to
24 collection by the third-party purchaser as provided by law, that
25 significant additional collection fees will be imposed by the third-
26 party purchaser, and that collection actions may include
27 foreclosure. This statement shall not be included in notices sent to

- 1 owners of property subject to a personal property certificate of
2 delinquency; and
- 3 c. A statement that the taxpayer may qualify for a payment plan with
4 the county attorney or the department, if the taxpayer meets the
5 requirements established by the county attorney or the department
6 and if terms are agreed to prior to the date of the sale.
- 7 2. The county attorney or the department shall file in the office of the
8 county clerk a list of the names and addresses to which the sixty (60) day
9 notice was mailed, along with a certificate attesting that the notices were
10 mailed in accordance with the requirements of this section.
- 11 3. If the notice required by paragraph (c) of this subsection is returned as
12 undeliverable, and the property valuation administrator is not able to
13 provide a corrected or updated address, the county attorney or the
14 department shall address the sixty (60) day notice to "Occupant" and
15 shall mail the notice to the address of the property to which the
16 certificate of delinquency applies;
- 17 (e) The county attorney or the department shall deliver to the property valuation
18 administrator, at the same time the notice required by paragraph (d) of this
19 subsection is sent, a list of the owners whose tax bills remain delinquent. The
20 property valuation administrator shall review this list in accordance with KRS
21 132.220 to establish that the properties on the list can be identified and
22 physically located; and
- 23 (f) Anytime after the expiration of the one (1) year tolling period established by
24 KRS 134.546, the county attorney or department may institute an action to
25 collect the amount due on a certificate of delinquency owned by the taxing
26 jurisdictions and in the possession of the county clerk. At least forty-five (45)
27 days before instituting a legal action, the county attorney or department shall

1 send, by regular mail, a notice of intent to initiate legal action to enforce the
2 lien. The notice shall be sent to the owner of record of the property or to the
3 in-care-of address or corrected address if either has been provided pursuant to
4 this section.

5 (5) If property subject to a certificate of delinquency has been transferred in any year
6 after the assessment date, the property valuation administrator shall determine the
7 in-care-of address supplied in the deed pursuant to KRS 382.135 and shall provide
8 that information to the county attorney or the department.

9 (6) (a) Failure of the county attorney or the department to mail the notices required in
10 subsection (4) of this section shall not affect the validity of the claim of the
11 state, county, school district, and taxing district. However, the county attorney
12 or the department shall not receive any compensation, commission, or
13 payment related to any certificate of delinquency for which the notices
14 required by the provisions of subsection (4) of this section are not sent.

15 (b) For each notice mailed, one dollar (\$1) shall be added to the amount of the
16 certificate of delinquency, to offset the cost of mailing, and, upon collection,
17 the county attorney or the department shall be paid such amounts as
18 reimbursement for mailing costs.

19 (7) (a) As compensation for the collection duties performed pursuant to a contract
20 with the department, a county attorney shall be paid twenty percent (20%) of
21 the amount due each taxing unit during the contract period, whether the
22 amount is paid voluntarily, through sale, or under court order, and whether the
23 amount is paid to the county clerk or the county attorney. The fee for the
24 county attorney shall be added to the amount of the certificate of delinquency
25 and shall be paid by the person paying the certificate of delinquency.

26 (b) If payment in full is voluntarily made by the taxpayer to the county attorney or
27 county clerk within five (5) days of the filing of the tax claim with the county

1 clerk, the county attorney fee shall be waived.

2 (c) If a county attorney files a court action or files a cross-claim, the county
3 attorney shall be paid an additional fee of thirteen percent (13%) of the
4 amount of the certificate of delinquency and shall be reimbursed for costs
5 incident to the court action. The additional fee and costs incident to the
6 litigation shall be added to the certificate of delinquency and shall be paid by
7 the person paying the certificate of delinquency.

8 (d) If more than one (1) county attorney renders necessary services to collect on a
9 certificate of delinquency, the county attorney serving the last notice or
10 rendering the last substantial service preceding collection shall be entitled to
11 the fee.

12 (8) (a) The county attorney shall establish a system to accept installment payments
13 from delinquent taxpayers. The county attorney may, during the contract
14 period, enter into an agreement with a delinquent taxpayer to accept
15 installment payments on the certificates of delinquency. The agreement shall
16 not waive the county attorney's right to initiate court action or other authorized
17 collection activities if the taxpayer does not make payments in accordance
18 with the agreement.

19 (b) The county attorney may, upon written request of the taxpayer for good cause
20 and with agreement of the affected taxing jurisdiction or fee recipient, waive
21 or reduce fees and penalties that are part of a certificate of delinquency during
22 settlement or negotiation with a taxpayer in accordance with guidance
23 provided by the department.

24 (9) Any action by the county attorney authorized by this chapter shall be filed on
25 relation of the commissioner. A copy of any judgment obtained by the county
26 attorney shall be sent to the department.

27 (10) (a) The county attorney shall notify the county clerk and the department of the

1 filing of a suit at the time the suit is filed and of payment agreements at the
2 time such agreements are entered into. The county clerk shall note on the
3 certificate of delinquency the filing of the lawsuit or the existence of the
4 payment agreement, and these certificates of delinquency shall not be
5 available for purchase or payment by a third-party purchaser.

6 (b) The county attorney shall provide to the county clerk at least ten (10) days but
7 not more than twenty (20) days prior to the annual sale date for the county
8 established pursuant to KRS 134.128, a protected list of current year
9 certificates of delinquency that are:

- 10 1. Under a payment plan with the county attorney on which payments are
11 current;
- 12 2. Involved in litigation initiated by the county attorney or in which the
13 county attorney responds or files an answer;
- 14 3. Involved in bankruptcy litigation in which the county attorney has filed a
15 claim; or
- 16 4. Included on a list of protected properties submitted to the county
17 attorney by a vacant property review commission or an alternative
18 government entity as provided in KRS 99.727.

19 The list shall include sufficient detail for the county clerk to accurately
20 identify the property.

21 (c) The county attorney shall notify the county clerk of the failure of any payment
22 agreement and, upon notification to the clerk, the certificate of delinquency
23 shall be available for purchase.

24 (11) The department may make its delinquent tax collection databases and other
25 technical resources, including but not limited to tax refund offsetting, available to
26 the county attorney upon request from the county attorney. The county attorney
27 seeking assistance shall enter into any agreements required by the department to

1 protect taxpayer confidentiality, to ensure database integrity, or to address the
2 concerns of the department.

3 (12) (a) If a county attorney chooses not to contract for collection duties, or if a county
4 attorney fails to perform the duties required by the contract, the department
5 shall assume responsibility for all uncollected certificates of delinquency and
6 personal property certificates of delinquency, including, at the option of the
7 department, those with pending court action or for which the county attorney
8 has entered into an installment payment agreement.

9 (b) If the department assumes or retains responsibility for the collection of
10 certificates of delinquency and personal property certificates of delinquency, the twenty
11 percent (20%) fee that would have been paid to the county attorney under subsection (7)
12 of this section, and any other fees or costs established by this section for the county
13 attorney shall be paid to the department for deposit in the delinquent tax fund provided
14 for under KRS 134.552.

15 ➔Section 67. Sections 2 to 26, 29 to 32, 45 and 46 of this Act take effect on
16 January 1, 2023.

17 ➔Section 68. Sections 47 and 48 apply to property assessed on or after January 1,
18 2023.

19 ➔Section 69. Sections 57 to 64 of this Act apply to the fiscal year beginning July
20 1, 2022, and ending June 30, 2023, and the fiscal year beginning July 1, 2023, and ending
21 June 30, 2024, and shall expire at the end of June 30, 2024.

22 ➔Section 70. If any provision of this Act or the application thereof to any person
23 or circumstance is held invalid, the invalidity shall not affect other provisions or
24 applications of this Act that can be given effect without the invalid provision or
25 application, and to this end the provisions of this Act are severable.

26 ➔Section 71. Whereas the Department of Revenue and the Finance and
27 Administration Cabinet are required to procure services necessary to implement the tax

1 amnesty program, which begins on October 1, 2022, an emergency is declared to exist,
2 and Sections 32 to 38 of this Act take effect upon its passage and approval by the
3 Governor or upon its otherwise becoming a law.