

1 AN ACT relating to revenue measures.

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) 1. For taxable years beginning on or after January 1, 2023, the tax shall
9 be four percent (4%) of net income.
- 10 2. Beginning on January 1, 2024, the department shall implement a
11 reduction in the tax rate according to the conditions in subparagraph
12 3. of this paragraph.
- 13 3. a. The tax shall be three and one-half percent (3.5%) of net income
14 for taxable years beginning on the January 1 following the fiscal
15 year in which the total general fund receipts exceed thirteen
16 billion seven hundred fifty million dollars (\$13,750,000,000).
- 17 b. The tax shall be three percent (3%) of net income for taxable
18 years beginning on the January 1 following the fiscal year in
19 which the total general fund receipts exceed fourteen billion five
20 hundred million dollars (\$14,500,000,000).
- 21 c. The tax shall be two and one-half percent (2.5%) of net income
22 for taxable years beginning on the January 1 following the fiscal
23 year in which the total general fund receipts exceed fifteen
24 billion five hundred million dollars (\$15,500,000,000).
- 25 d. The tax shall be two percent (2%) of net income for taxable years
26 beginning on the January 1 following the fiscal year in which
27 the total general fund receipts exceed sixteen billion five

1 hundred million dollars (\$16,500,000,000).

2 e. The tax shall be one and one-half percent (1.5%) of net income
3 for taxable years beginning on the January 1 following the fiscal
4 year in which the total general fund receipts exceed seventeen
5 billion five hundred million dollars (\$17,500,000,000).

6 f. The tax shall be one percent (1%) of net income for taxable years
7 beginning on the January 1 following the fiscal year in which
8 the total general fund receipts exceed eighteen billion five
9 hundred million dollars (\$18,500,000,000).

10 g. The tax shall be one-half of one percent (0.5%) for taxable years
11 beginning on the January 1 following the fiscal year in which
12 the total general fund receipts exceed nineteen billion five
13 hundred million dollars (\$19,500,000,000).

14 h. The tax shall be zero for taxable years beginning on the January
15 1 following the fiscal year in which the total general fund
16 receipts exceed twenty billion five hundred million dollars
17 (\$20,500,000,000).

18 (b) Notwithstanding paragraph (a) of this subsection, any change in tax rate
19 shall not exceed a reduction of more than one (1) percentage point in a
20 calendar year.

21 (c) For taxable years beginning on or after January 1, 2018, but before January 1,
22 2023, the tax shall be five percent (5%) of net income.

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

26 1. Two percent (2%) of the amount of net income up to three thousand
27 dollars (\$3,000);

- 1 2. Three percent (3%) of the amount of net income over three thousand
2 dollars (\$3,000) and up to four thousand dollars (\$4,000);
- 3 3. Four percent (4%) of the amount of net income over four thousand
4 dollars (\$4,000) and up to five thousand dollars (\$5,000);
- 5 4. Five percent (5%) of the amount of net income over five thousand
6 dollars (\$5,000) and up to eight thousand dollars (\$8,000);
- 7 5. Five and eight-tenths percent (5.8%) of the amount of net income over
8 eight thousand dollars (\$8,000) and up to seventy-five thousand dollars
9 (\$75,000); and
- 10 6. Six percent (6%) of the amount of net income over seventy-five
11 thousand dollars (\$75,000).

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

- 14 1. a. For taxable years beginning before January 1, 2014, twenty dollars
15 (\$20) for an unmarried individual; and
- 16 b. For taxable years beginning on or after January 1, 2014, and before
17 January 1, 2018, ten dollars (\$10) for an unmarried individual;
- 18 2. a. For taxable years beginning before January 1, 2014, twenty dollars
19 (\$20) for a married individual filing a separate return and an
20 additional twenty dollars (\$20) for the spouse of taxpayer if a
21 separate return is made by the taxpayer and if the spouse, for the
22 calendar year in which the taxable year of the taxpayer begins, had
23 no Kentucky gross income and is not the dependent of another
24 taxpayer; or forty dollars (\$40) for married persons filing a joint
25 return, provided neither spouse is the dependent of another
26 taxpayer. The determination of marital status for the purpose of
27 this section shall be made in the manner prescribed in Section 153

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

- 1 6. An additional forty dollars (\$40) credit if the taxpayer is blind at the
2 close of the taxable year;
- 3 7. An additional forty dollars (\$40) credit for taxpayer's spouse if a
4 separate return is made by the taxpayer and if the taxpayer's spouse is
5 blind, and, for the calendar year in which the taxable year of the taxpayer
6 begins, has no Kentucky gross income and is not the dependent of
7 another taxpayer;

8 and

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

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

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

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

- 23 1. The method contained above applied to the taxpayer's tax credit(s),
24 excluding credits for a spouse and dependents; or
- 25 2. Prorating the taxpayer's tax credit(s) plus the tax credits for the
26 taxpayer's spouse and dependents by the ratio of the taxpayer's Kentucky
27 adjusted gross income as determined by KRS 141.019 to the total joint

1 federal adjusted gross income of the taxpayer and the taxpayer's spouse.

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

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

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

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

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

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

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

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

7 2. The privilege of using facilities or participating in an event or activity,
8 including but not limited to:

9 a. Bowling centers;

10 b. Skating rinks;

11 c. Health spas;

12 d. Swimming pools;

13 e. Tennis courts;

14 f. Weight training facilities;

15 g. Fitness and recreational sports centers; and

16 h. Golf courses, both public and private;

17 regardless of whether the fee paid is per use or in any other form,
18 including but not limited to an initiation fee, monthly fee, membership
19 fee, or combination thereof.

20 (b) "Admissions" does not include [~~;~~

21 1.—]any fee paid to enter or participate in a fishing tournament[~~;~~ ~~or~~

22 2.—Any fee paid for the use of a boat ramp for the purpose of allowing boats
23 to be launched into or hauled out from the water];

24 (2) **"Advertising and graphic design services" means all activities involved in the**
25 **strategy, conceptualization, development, production, and refinement of a master**
26 **advertisement prior to its reproduction as tangible personal property or digital**
27 **property for the purpose of display or other advertising uses, including creative**

1 concept development, design, layout, consultation services, research, media
2 monitoring and analysis, media planning or media buying, script and copy
3 writing, graphic design, art preparation, public relations, placement of
4 advertisements in print, broadcast, on billboards, or other media, and any other
5 account management services;

6 **(3)** "Advertising and promotional direct mail" means direct mail the primary purpose of
7 which is to attract public attention to a product, person, business, or organization, or
8 to attempt to sell, popularize, or secure financial support for a product, person,
9 business, or organization. As used in this definition, "product" means tangible
10 personal property, an item transferred electronically, or a service;

11 ~~(4)~~~~(3)~~ "Business" includes any activity engaged in by any person or caused to be
12 engaged in by that person with the object of gain, benefit, or advantage, either direct
13 or indirect;

14 ~~(5)~~~~(4)~~ "Commonwealth" means the Commonwealth of Kentucky;

15 **(6) (a)** "Cosmetic surgery services" means modifications to all areas of the head,
16 neck and body to enhance appearance through surgical and medical
17 techniques.

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

20 ~~(7)~~~~(5)~~ "Department" means the Department of Revenue;

21 ~~(8)~~~~(6)~~ (a) "Digital audio-visual works" means a series of related images which,
22 when shown in succession, impart an impression of motion, with
23 accompanying sounds, if any.

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

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

1 ~~(9)~~~~(7)~~ (a) "Digital audio works" means works that result from the fixation of a
2 series of musical, spoken, or other sounds.

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

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

8 ~~(10)~~~~(8)~~ (a) "Digital books" means works that are generally recognized in the
9 ordinary and usual sense as books, including any literary work expressed in
10 words, numbers, or other verbal or numerical symbols or indicia if the literary
11 work is generally recognized in the ordinary or usual sense as a book.

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

15 ~~(11)~~~~(9)~~ (a) "Digital code" means a code which provides a purchaser with a right to
16 obtain one (1) or more types of digital property. A "digital code" may be
17 obtained by any means, including electronic mail messaging or by tangible
18 means, regardless of the code's designation as a song code, video code, or
19 book code.

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

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

25 ~~(12)~~~~(10)~~ (a) "Digital property" means any of the following which is transferred
26 electronically:

- 27 1. Digital audio works;

- 1 2. Digital books;
- 2 3. Finished artwork;
- 3 4. Digital photographs;
- 4 5. Periodicals;
- 5 6. Newspapers;
- 6 7. Magazines;
- 7 8. Video greeting cards;
- 8 9. Audio greeting cards;
- 9 10. Video games;
- 10 11. Electronic games; or
- 11 12. Any digital code related to this property.

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

14 ~~(13)~~~~(11)~~ (a) "Direct mail" means printed material delivered or distributed by United
 15 States mail or other delivery service to a mass audience or to addressees on a
 16 mailing list provided by the purchaser or at the direction of the purchaser
 17 when the cost of the items are not billed directly to the recipient.

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

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

23 ~~(14)~~~~(12)~~ "Directly used in the manufacturing or industrial processing process" means
 24 the process that commences with the movement of raw materials from storage into a
 25 continuous, unbroken, integrated process and ends when the finished product is
 26 packaged and ready for sale;

27 ~~(15)~~~~(13)~~ (a) "Extended warranty services" means services provided through a service

1 contract agreement between the contract provider and the purchaser where the
 2 purchaser agrees to pay compensation for the contract and the provider agrees
 3 to repair, replace, support, or maintain tangible personal property, ~~or~~ digital
 4 property, **or real property** according to the terms of the contract ~~if~~:

5 ~~1. The service contract agreement is sold or purchased on or after July 1,~~
 6 ~~2018; and~~

7 ~~2. the tangible personal property or digital property for which the service~~
 8 ~~contract agreement is provided is subject to tax under this chapter or~~
 9 ~~under KRS 138.460].~~

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

15 ~~(16)~~~~(14)~~ (a) "Finished artwork" means final art that is used for actual reproduction by
 16 photomechanical or other processes or for display purposes.

17 (b) "Finished artwork" includes:

- 18 1. Assemblies;
- 19 2. Charts;
- 20 3. Designs;
- 21 4. Drawings;
- 22 5. Graphs;
- 23 6. Illustrative materials;
- 24 7. Lettering;
- 25 8. Mechanicals;
- 26 9. Paintings; and
- 27 10. Paste-ups;

- 1 ~~(17)~~~~(15)~~ (a) "Gross receipts" and "sales price" mean the total amount or
2 consideration, including cash, credit, property, and services, for which
3 tangible personal property, digital property, or services are sold, leased, or
4 rented, valued in money, whether received in money or otherwise, without any
5 deduction for any of the following:
- 6 1. The retailer's cost of the tangible personal property, digital property, or
7 services sold;
 - 8 2. The cost of the materials used, labor or service cost, interest, losses, all
9 costs of transportation to the retailer, all taxes imposed on the retailer, or
10 any other expense of the retailer;
 - 11 3. Charges by the retailer for any services necessary to complete the sale;
 - 12 4. Delivery charges, which are defined as charges by the retailer for the
13 preparation and delivery to a location designated by the purchaser
14 including transportation, shipping, postage, handling, crating, and
15 packing;
 - 16 5. Any amount for which credit is given to the purchaser by the retailer,
17 other than credit for tangible personal property or digital property traded
18 when the tangible personal property or digital property traded is of like
19 kind and character to the property purchased and the property traded is
20 held by the retailer for resale; and
 - 21 6. The amount charged for labor or services rendered in installing or
22 applying the tangible personal property, digital property, or service sold.
- 23 (b) "Gross receipts" and "sales price" shall include consideration received by the
24 retailer from a third party if:
- 25 1. The retailer actually receives consideration from a third party and the
26 consideration is directly related to a price reduction or discount on the
27 sale to the purchaser;

- 1 2. The retailer has an obligation to pass the price reduction or discount
2 through to the purchaser;
- 3 3. The amount of consideration attributable to the sale is fixed and
4 determinable by the retailer at the time of the sale of the item to the
5 purchaser; and
- 6 4. One (1) of the following criteria is met:
- 7 a. The purchaser presents a coupon, certificate, or other
8 documentation to the retailer to claim a price reduction or discount
9 where the coupon, certificate, or documentation is authorized,
10 distributed, or granted by a third party with the understanding that
11 the third party will reimburse any seller to whom the coupon,
12 certificate, or documentation is presented;
- 13 b. The price reduction or discount is identified as a third-party price
14 reduction or discount on the invoice received by the purchaser or
15 on a coupon, certificate, or other documentation presented by the
16 purchaser; or
- 17 c. The purchaser identifies himself or herself to the retailer as a
18 member of a group or organization entitled to a price reduction or
19 discount. A "preferred customer" card that is available to any
20 patron does not constitute membership in such a group.
- 21 (c) "Gross receipts" and "sales price" shall not include:
- 22 1. Discounts, including cash, term, or coupons that are not reimbursed by a
23 third party and that are allowed by a retailer and taken by a purchaser on
24 a sale;
- 25 2. Interest, financing, and carrying charges from credit extended on the sale
26 of tangible personal property, digital property, or services, if the amount
27 is separately stated on the invoice, bill of sale, or similar document given

1 to the purchaser;

2 3. Any taxes legally imposed directly on the purchaser that are separately
3 stated on the invoice, bill of sale, or similar document given to the
4 purchaser; or

5 4. Local alcohol regulatory license fees authorized under KRS 243.075 that
6 are separately stated on the invoice, bill of sale, or similar document
7 given to the purchaser.

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

10 ~~(18)~~~~(16)~~ "In this state" or "in the state" means within the exterior limits of the
11 Commonwealth and includes all territory within these limits owned by or ceded to
12 the United States of America;

13 ~~(19)~~~~(17)~~ "Industrial processing" includes:

14 (a) Refining;

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

16 (c) Mining, quarrying, fabricating, and industrial assembling;

17 (d) The processing and packaging of raw materials, in-process materials, and
18 finished products; and

19 (e) The processing and packaging of farm and dairy products for sale;

20 ~~(20)~~~~(18)~~ (a) "Lease or rental" means any transfer of possession or control of tangible
21 personal property for a fixed or indeterminate term for consideration. A lease
22 or rental shall include future options to:

23 1. Purchase the property; or

24 2. Extend the terms of the agreement and agreements covering trailers
25 where the amount of consideration may be increased or decreased by
26 reference to the amount realized upon sale or disposition of the property
27 as defined in 26 U.S.C. sec. 7701(h)(1).

1 (b) "Lease or rental" shall not include:

2 1. A transfer of possession or control of property under a security
3 agreement or deferred payment plan that requires the transfer of title
4 upon completion of the required payments;

5 2. A transfer of possession or control of property under an agreement that
6 requires the transfer of title upon completion of the required payments
7 and payment of an option price that does not exceed the greater of one
8 hundred dollars (\$100) or one percent (1%) of the total required
9 payments; or

10 3. Providing tangible personal property and an operator for the tangible
11 personal property for a fixed or indeterminate period of time. To qualify
12 for this exclusion, the operator must be necessary for the equipment to
13 perform as designed, and the operator must do more than maintain,
14 inspect, or setup the tangible personal property.

15 (c) This definition shall apply regardless of the classification of a transaction
16 under generally accepted accounting principles, the Internal Revenue Code, or
17 other provisions of federal, state, or local law;

18 ~~(21)~~~~(19)~~ (a) "Machinery for new and expanded industry" means machinery:

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

20 a. Tangible personal property at a plant facility;

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

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

- 1 2. Which is incorporated for the first time into:
- 2 a. A plant facility established in this state; or
- 3 b. Licensed premises located in this state; and
- 4 3. Which does not replace machinery in the plant facility or licensed
- 5 premises unless that machinery purchased to replace existing machinery:
- 6 a. Increases the consumption of recycled materials at the plant
- 7 facility by not less than ten percent (10%);
- 8 b. Performs different functions;
- 9 c. Is used to manufacture a different product; or
- 10 d. Has a greater productive capacity, as measured in units of
- 11 production, than the machinery being replaced.
- 12 (b) "Machinery for new and expanded industry" does not include repair,
- 13 replacement, or spare parts of any kind, regardless of whether the purchase of
- 14 repair, replacement, or spare parts is required by the manufacturer or seller as
- 15 a condition of sale or as a condition of warranty;
- 16 ~~(22)~~~~(20)~~ "Manufacturing" means any process through which material having little or no
- 17 commercial value for its intended use before processing has appreciable commercial
- 18 value for its intended use after processing by the machinery;
- 19 **(23) "Marketing services" means developing marketing objectives and policies, sales**
- 20 **forecasting, new product developing and pricing, licensing, and franchise**
- 21 **planning;**
- 22 ~~(24)~~~~(21)~~ "Marketplace" means any physical or electronic means through which one (1)
- 23 or more retailers may advertise and sell tangible personal property, digital property,
- 24 or services, or lease tangible personal property or digital property, such as a catalog,
- 25 Internet Web site, or television or radio broadcast, regardless of whether the
- 26 tangible personal property, digital property, or retailer is physically present in this
- 27 state;

- 1 ~~(25)~~~~(22)~~ (a) "Marketplace provider" means a person, including any affiliate of the
2 person, that facilitates a retail sale by satisfying subparagraphs 1. and 2. of this
3 paragraph as follows:
- 4 1. The person directly or indirectly:
 - 5 a. Lists, makes available, or advertises tangible personal property,
6 digital property, or services for sale by a marketplace retailer in a
7 marketplace owned, operated, or controlled by the person;
 - 8 b. Facilitates the sale of a marketplace retailer's product through a
9 marketplace by transmitting or otherwise communicating an offer
10 or acceptance of a retail sale of tangible personal property, digital
11 property, or services between a marketplace retailer and a
12 purchaser in a forum including a shop, store, booth, catalog,
13 Internet site, or similar forum;
 - 14 c. Owns, rents, licenses, makes available, or operates any electronic
15 or physical infrastructure or any property, process, method,
16 copyright, trademark, or patent that connects marketplace retailers
17 to purchasers for the purpose of making retail sales of tangible
18 personal property, digital property, or services;
 - 19 d. Provides a marketplace for making retail sales of tangible personal
20 property, digital property, or services, or otherwise facilitates retail
21 sales of tangible personal property, digital property, or services,
22 regardless of ownership or control of the tangible personal
23 property, digital property, or services, that are the subject of the
24 retail sale;
 - 25 e. Provides software development or research and development
26 activities related to any activity described in this subparagraph, if
27 the software development or research and development activities

- 1 are directly related to the physical or electronic marketplace
2 provided by a marketplace provider;
- 3 f. Provides or offers fulfillment or storage services for a marketplace
4 retailer;
- 5 g. Sets prices for a marketplace retailer's sale of tangible personal
6 property, digital property, or services;
- 7 h. Provides or offers customer service to a marketplace retailer or a
8 marketplace retailer's customers, or accepts or assists with taking
9 orders, returns, or exchanges of tangible personal property, digital
10 property, or services sold by a marketplace retailer; or
- 11 i. Brands or otherwise identifies sales as those of the marketplace
12 provider; and
- 13 2. The person directly or indirectly:
- 14 a. Collects the sales price or purchase price of a retail sale of tangible
15 personal property, digital property, or services;
- 16 b. Provides payment processing services for a retail sale of tangible
17 personal property, digital property, or services;
- 18 c. Through terms and conditions, agreements, or arrangements with a
19 third party, collects payment in connection with a retail sale of
20 tangible personal property, digital property, or services from a
21 purchaser and transmits that payment to the marketplace retailer,
22 regardless of whether the person collecting and transmitting the
23 payment receives compensation or other consideration in exchange
24 for the service; or
- 25 d. Provides a virtual currency that purchasers are allowed or required
26 to use to purchase tangible personal property, digital property, or
27 services.

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

5 ~~(26)~~~~(23)~~ "Marketplace retailer" means a seller that makes retail sales through any
6 marketplace owned, operated, or controlled by a marketplace provider;

7 **(27) "Master advertisement" means the original advertising or graphic design**
8 **material created for reproduction as tangible personal property or digital property**
9 **for the purpose of display or other advertising uses, including master**
10 **commercials, camera-ready art, proofs, and corporate logos;**

11 ~~(28)~~~~(24)~~ (a) "Occasional sale" includes:

12 1. A sale of tangible personal property or digital property not held or used
13 by a seller in the course of an activity for which he or she is required to
14 hold a seller's permit, provided such sale is not one (1) of a series of
15 sales sufficient in number, scope, and character to constitute an activity
16 requiring the holding of a seller's permit. In the case of the sale of the
17 entire, or a substantial portion of the nonretail assets of the seller, the
18 number of previous sales of similar assets shall be disregarded in
19 determining whether or not the current sale or sales shall qualify as an
20 occasional sale; or

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

25 (b) For the purposes of this subsection, stockholders, bondholders, partners, or
26 other persons holding an interest in a corporation or other entity are regarded
27 as having the "real or ultimate ownership" of the tangible personal property or

1 digital property of such corporation or other entity;

2 ~~(29)~~~~(25)~~ (a) "Other direct mail" means any direct mail that is not advertising and
3 promotional direct mail, regardless of whether advertising and promotional
4 direct mail is included in the same mailing.

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

- 6 1. Transactional direct mail that contains personal information specific to
7 the addressee, including but not limited to invoices, bills, statements of
8 account, and payroll advices;
- 9 2. Any legally required mailings, including but not limited to privacy
10 notices, tax reports, and stockholder reports; and
- 11 3. Other nonpromotional direct mail delivered to existing or former
12 shareholders, customers, employees, or agents, including but not limited
13 to newsletters and informational pieces.

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

17 ~~(30)~~~~(26)~~ "Person" includes any individual, firm, copartnership, joint venture,
18 association, social club, fraternal organization, corporation, estate, trust, business
19 trust, receiver, trustee, syndicate, cooperative, assignee, governmental unit or
20 agency, or any other group or combination acting as a unit;

21 ~~(31)~~~~(27)~~ "Permanent," as the term applies to digital property, means perpetual or for an
22 indefinite or unspecified length of time;

23 ~~(32)~~ (a) **"Photography and photofinishing services" means:**

- 24 **1. The taking, developing, or printing of an original photograph, or**
- 25 **2. Image editing including shadow removal, tone adjustments, vertical**
26 **and horizontal alignment and cropping, composite image creation,**
27 **formatting, watermarking printing, and delivery of an original**

1 *photograph in the form of tangible personal property, digital property,*
2 *or other media.*

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

5 ~~(33)~~~~(28)~~ "Plant facility" means a single location that is exclusively dedicated to
6 manufacturing or industrial processing activities. A location shall be deemed to be
7 exclusively dedicated to manufacturing or industrial processing activities even if
8 retail sales are made there, provided that the retail sales are incidental to the
9 manufacturing or industrial processing activities occurring at the location. The term
10 "plant facility" shall not include any restaurant, grocery store, shopping center, or
11 other retail establishment;

12 ~~(34)~~~~(29)~~ (a) "Prewritten computer software" means:

- 13 1. Computer software, including prewritten upgrades, that are not designed
14 and developed by the author or other creator to the specifications of a
15 specific purchaser;
- 16 2. Software designed and developed by the author or other creator to the
17 specifications of a specific purchaser when it is sold to a person other
18 than the original purchaser; or
- 19 3. Any portion of prewritten computer software that is modified or
20 enhanced in any manner, where the modification or enhancement is
21 designed and developed to the specifications of a specific purchaser,
22 unless there is a reasonable, separately stated charge on an invoice or
23 other statement of the price to the purchaser for the modification or
24 enhancement.

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

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

4 **(35) "Prewritten computer software access services" means the right of access to**
5 **prewritten computer software where the object of the transaction is to use the**
6 **prewritten computer software while possession of the prewritten computer**
7 **software is maintained by the seller or a third party, wherever located, regardless**
8 **of whether the charge for the access or use is on a per use, per user, per license,**
9 **subscription, or some other basis;**

10 **(36)**~~(30)~~ (a) "Purchase" means any transfer of title or possession, exchange, barter,
11 lease, or rental, conditional or otherwise, in any manner or by any means
12 whatsoever, of:

- 13 1. Tangible personal property;
- 14 2. An extended warranty service;
- 15 3. Digital property transferred electronically; or
- 16 4. Services included in KRS 139.200;

17 for a consideration.

18 (b) "Purchase" includes:

- 19 1. When performed outside this state or when the customer gives a resale
20 certificate, the producing, fabricating, processing, printing, or imprinting
21 of tangible personal property for a consideration for consumers who
22 furnish either directly or indirectly the materials used in the producing,
23 fabricating, processing, printing, or imprinting;
- 24 2. A transaction whereby the possession of tangible personal property or
25 digital property is transferred but the seller retains the title as security for
26 the payment of the price; and
- 27 3. A transfer for a consideration of the title or possession of tangible

1 personal property or digital property which has been produced,
2 fabricated, or printed to the special order of the customer, or of any
3 publication;

4 (37)~~[(31)]~~ "Recycled materials" means materials which have been recovered or diverted
5 from the solid waste stream and reused or returned to use in the form of raw
6 materials or products;

7 (38)~~[(32)]~~ "Recycling purposes" means those activities undertaken in which materials
8 that would otherwise become solid waste are collected, separated, or processed in
9 order to be reused or returned to use in the form of raw materials or products;

10 (39)~~[(33)]~~ "Remote retailer" means a retailer with no physical presence in this state;

11 (40)~~[(34)]~~ (a) "Repair, replacement, or spare parts" means any tangible personal
12 property used to maintain, restore, mend, or repair machinery or equipment.

13 (b) "Repair, replacement, or spare parts" does not include machine oils, grease, or
14 industrial tools;

15 (41)~~[(35)]~~ (a) "Retailer" means:

16 1. Every person engaged in the business of making retail sales of tangible
17 personal property, digital property, or furnishing any services in a retail
18 sale included in KRS 139.200;

19 2. Every person engaged in the business of making sales at auction of
20 tangible personal property or digital property owned by the person or
21 others for storage, use or other consumption, except as provided in
22 paragraph (c) of this subsection;

23 3. Every person making more than two (2) retail sales of tangible personal
24 property, digital property, or services included in KRS 139.200 during
25 any twelve (12) month period, including sales made in the capacity of
26 assignee for the benefit of creditors, or receiver or trustee in bankruptcy;

27 4. Any person conducting a race meeting under the provision of KRS

1 Chapter 230, with respect to horses which are claimed during the
2 meeting.

3 (b) When the department determines that it is necessary for the efficient
4 administration of this chapter to regard any salesmen, representatives,
5 peddlers, or canvassers as the agents of the dealers, distributors, supervisors or
6 employers under whom they operate or from whom they obtain the tangible
7 personal property, digital property, or services sold by them, irrespective of
8 whether they are making sales on their own behalf or on behalf of the dealers,
9 distributors, supervisors or employers, the department may so regard them and
10 may regard the dealers, distributors, supervisors or employers as retailers for
11 purposes of this chapter.

12 (c) 1. Any person making sales at a charitable auction for a qualifying entity
13 shall not be a retailer for purposes of the sales made at the charitable
14 auction if:

15 a. The qualifying entity, not the person making sales at the auction, is
16 sponsoring the auction;

17 b. The purchaser of tangible personal property at the auction directly
18 pays the qualifying entity sponsoring the auction for the property
19 and not the person making the sales at the auction; and

20 c. The qualifying entity, not the person making sales at the auction, is
21 responsible for the collection, control, and disbursement of the
22 auction proceeds.

23 2. If the conditions set forth in subparagraph 1. of this paragraph are met,
24 the qualifying entity sponsoring the auction shall be the retailer for
25 purposes of the sales made at the charitable auction.

26 3. For purposes of this paragraph, "qualifying entity" means a resident:

27 a. Church;

- 1 b. School;
- 2 c. Civic club; or
- 3 d. Any other nonprofit charitable, religious, or educational
- 4 organization;

5 ~~(42)~~~~(36)~~ "Retail sale" means any sale, lease, or rental for any purpose other than resale,

6 sublease, or subrent;

7 ~~(43)~~~~(37)~~ (a) "Ringtones" means digitized sound files that are downloaded onto a

8 device and that may be used to alert the customer with respect to a

9 communication.

10 (b) "Ringtones" shall not include ringback tones or other digital files that are not

11 stored on the purchaser's communications device;

12 ~~(44)~~~~(38)~~ (a) "Sale" means:

- 13 1. The furnishing of any services included in KRS 139.200;
- 14 2. Any transfer of title or possession, exchange, barter, lease, or rental,
- 15 conditional or otherwise, in any manner or by any means whatsoever, of:
- 16 a. Tangible personal property; or
- 17 b. Digital property transferred electronically;
- 18 for a consideration.

19 (b) "Sale" includes but is not limited to:

- 20 1. The producing, fabricating, processing, printing, or imprinting of
- 21 tangible personal property or digital property for a consideration for
- 22 purchasers who furnish, either directly or indirectly, the materials used
- 23 in the producing, fabricating, processing, printing, or imprinting;
- 24 2. A transaction whereby the possession of tangible personal property or
- 25 digital property is transferred, but the seller retains the title as security
- 26 for the payment of the price; and
- 27 3. A transfer for a consideration of the title or possession of tangible

1 personal property or digital property which has been produced,
2 fabricated, or printed to the special order of the purchaser.

3 (c) This definition shall apply regardless of the classification of a transaction
4 under generally accepted accounting principles, the Internal Revenue Code, or
5 other provisions of federal, state, or local law;

6 ~~(45)~~~~(39)~~ "Seller" includes every person engaged in the business of selling tangible
7 personal property, digital property, or services of a kind, the gross receipts from the
8 retail sale of which are required to be included in the measure of the sales tax, and
9 every person engaged in making sales for resale;

10 ~~(46)~~~~(40)~~ (a) "Storage" includes any keeping or retention in this state for any purpose
11 except sale in the regular course of business or subsequent use solely outside
12 this state of tangible personal property or digital property purchased from a
13 retailer.

14 (b) "Storage" does not include the keeping, retaining, or exercising any right or
15 power over tangible personal property for the purpose of subsequently
16 transporting it outside the state for use thereafter solely outside the state, or for
17 the purpose of being processed, fabricated, or manufactured into, attached to,
18 or incorporated into, other tangible personal property to be transported outside
19 the state and thereafter used solely outside the state;

20 ~~(47)~~~~(41)~~ "Tangible personal property" means personal property which may be seen,
21 weighed, measured, felt, or touched, or which is in any other manner perceptible to
22 the senses and includes natural, artificial, and mixed gas, electricity, water, steam,
23 and prewritten computer software;

24 ~~(48)~~~~(42)~~ "Taxpayer" means any person liable for tax under this chapter;

25 **(49) "Telemarketing services" means services provided via telephone, facsimile,**
26 **electronic mail, or other modes of communications to another person, which are**
27 **unsolicited by that person, for the purposes of:**

- 1 **(a) 1. Promoting products or services;**
 2 **2. Taking orders; or**
 3 **3. Providing information or assistance regarding the products or**
 4 **services; or**

5 **(b) Soliciting contributions;**

6 **(50)**~~[(43)]~~ "Transferred electronically" means accessed or obtained by the purchaser by
 7 means other than tangible storage media; and

8 **(51)**~~[(44)]~~ (a) "Use" includes the exercise of:

- 9 1. Any right or power over tangible personal property or digital property
 10 incident to the ownership of that property, or by any transaction in which
 11 possession is given, or by any transaction involving digital property **or**
 12 **tangible personal property** where the right of access is granted; or
 13 2. Any right or power to benefit from extended warranty services **or any**
 14 **services listed in subsection (2)(g) to (bc) of Section 3 of this Act.**

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

- 17 1. Selling tangible personal property or digital property in the regular
 18 course of business; or
 19 2. Subsequently transporting tangible personal property outside the state
 20 for use thereafter solely outside the state, or for the purpose of being
 21 processed, fabricated, or manufactured into, attached to, or incorporated
 22 into, other tangible personal property to be transported outside the state
 23 and thereafter used solely outside the state.

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

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

27 (1) Retail sales of:

- 1 (a) Tangible personal property, regardless of the method of delivery, made within
2 this Commonwealth; and
- 3 (b) Digital property regardless of whether:
- 4 1. The purchaser has the right to permanently use the property;
- 5 2. The purchaser's right to access or retain the property is not permanent; or
- 6 3. The purchaser's right of use is conditioned upon continued payment; and
- 7 (2) The furnishing of the following services ~~following~~:
- 8 (a) The rental of any room or rooms, lodgings, campsites, or accommodations
9 furnished by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds,
10 recreational vehicle parks, or any other place in which rooms, lodgings,
11 campsites, or accommodations are regularly furnished to transients for a
12 consideration. The tax shall not apply to rooms, lodgings, campsites, or
13 accommodations supplied for a continuous period of thirty (30) days or more
14 to a person;
- 15 (b) Sewer services;
- 16 (c) The sale of admissions, except:
- 17 1. Admissions to racetracks taxed under KRS 138.480;
- 18 2. ~~Admissions to historical sites exempt under KRS 139.482;~~
- 19 ~~3.~~ Admissions taxed under KRS 229.031;
- 20 ~~3.~~~~4.~~ Admissions that are charged by nonprofit educational, charitable, or
21 religious institutions and for which an exemption is provided under KRS
22 139.495; and
- 23 ~~4.~~~~5.~~ Admissions that are charged by nonprofit civic, governmental, or other
24 nonprofit organizations and for which an exemption is provided under
25 KRS 139.498;
- 26 (d) Prepaid calling service and prepaid wireless calling service;
- 27 (e) Intrastate, interstate, and international communications services as defined in

- 1 KRS 139.195, except the furnishing of pay telephone service as defined in
2 KRS 139.195;
- 3 (f) Distribution, transmission, or transportation services for natural gas that is for
4 storage, use, or other consumption in this state, excluding those services
5 furnished:
- 6 1. For natural gas that is classified as residential use as provided in KRS
7 139.470(7); or
- 8 2. To a seller or reseller of natural gas;
- 9 (g) Landscaping services, including but not limited to:
- 10 1. Lawn care and maintenance services;
- 11 2. Tree trimming, pruning, or removal services;
- 12 3. Landscape design and installation services;
- 13 4. Landscape care and maintenance services; and
- 14 5. Snow plowing or removal services;
- 15 (h) Janitorial services, including but not limited to residential and commercial
16 cleaning services, and carpet, upholstery, and window cleaning services;
- 17 (i) Small animal veterinary services, excluding veterinary services for equine,
18 cattle, poultry, swine, sheep, goats, llamas, alpacas, ratite birds, buffalo, and
19 cervids;
- 20 (j) Pet care services, including but not limited to grooming and boarding services,
21 pet sitting services, and pet obedience training services;
- 22 (k) Industrial laundry services, including but not limited to industrial uniform
23 supply services, protective apparel supply services, and industrial mat and rug
24 supply services;
- 25 (l) Non-coin-operated laundry and dry cleaning services;
- 26 (m) Linen supply services, including but not limited to table and bed linen supply
27 services and nonindustrial uniform supply services;

- 1 (n) Indoor skin tanning services, including but not limited to tanning booth or
 2 tanning bed services and spray tanning services;
- 3 (o) Non-medical diet and weight reducing services;
- 4 (p) ~~Limousine services, if a driver is provided; and~~
- 5 ~~(q)~~ Extended warranty services;
- 6 **(q) Photography and photo finishing services;**
- 7 **(r) Advertising and graphic design services;**
- 8 **(s) Marketing services;**
- 9 **(t) Telemarketing services;**
- 10 **(u) Public opinion and research polling services;**
- 11 **(v) Lobbying services;**
- 12 **(w) Executive employee recruitment services;**
- 13 **(x) Website design and development services;**
- 14 **(y) Website hosting services;**
- 15 **(z) Facsimile transmission services;**
- 16 **(aa) Private mailroom services including:**
- 17 **1. Presorting mail and packages by postal code;**
- 18 **2. Address barcoding;**
- 19 **3. Tracking;**
- 20 **4. Delivery to postal service; and**
- 21 **5. Private mailbox rentals;**
- 22 **(ab) Bodyguard services;**
- 23 **(ac) Residential and nonresidential security system monitoring services;**
- 24 **(ad) Private investigation services;**
- 25 **(ae) Process server services;**
- 26 **(af) Repossession of tangible personal property services;**
- 27 **(ag) Personal background check services;**

- 1 (ah) Personal financial planning and investment management services;
- 2 (ai) Parking services including:
- 3 1. Valet services ; and
- 4 2. The use of parking lots and parking structures;
- 5 (aj) Road and travel services provided by automobile clubs as defined in KRS
- 6 281.010;
- 7 (ak) Travel arrangement and reservation services including:
- 8 1. Arranging or assembling tours;
- 9 2. Providing guide services, including archeological, museum, tourist,
- 10 hunting, and fishing;
- 11 3. Conducting scenic and sightseeing tours; and
- 12 4. Providing reservation services, including accommodations furnished
- 13 to transients, entertainment events, and travel services;
- 14 (al) Condominium time-share exchange services;
- 15 (am) Rental of space for meetings, conventions, short-term business uses,
- 16 entertainment events, weddings, banquets, parties, and other short-term
- 17 social events;
- 18 (an) Social event planning and coordination services;
- 19 (ao) Pleasure watercraft docking, launching, and storage services;
- 20 (ap) Leisure, recreational, and athletic instructional services;
- 21 (aq) Recreational camp tuition and fees;
- 22 (ar) Personal fitness training services;
- 23 (as) Massage services, except when medically necessary;
- 24 (at) Cosmetic surgery services;
- 25 (au) Body modification services including tattooing, piercing, scarification,
- 26 branding, tongue splitting, transdermal and subdermal implants, ear
- 27 pointing, teeth pointing, and any other modifications that are not necessary

- 1 *for medical or dental health;*
- 2 *(av) Testing services, except testing for medical or veterinary reasons;*
- 3 *(aw) Interior decorating and design services;*
- 4 *(ax) Household moving services;*
- 5 *(ay) Specialized design services including the design of clothing, costumes,*
- 6 *fashion, furs, jewelry, shoes, textiles, and lighting;*
- 7 *(az) Lapidary services, including cutting, polishing, and engraving precious*
- 8 *stones;*
- 9 *(ba) Labor and services to repair or maintain commercial refrigeration*
- 10 *equipment and systems when no tangible personal property is sold in that*
- 11 *transaction including service calls and trip charges;*
- 12 *(bb) Labor to repair or alter apparel, footwear, watches, or jewelry when no*
- 13 *tangible personal property is sold in that transaction; and*
- 14 *(bc) Prewritten computer software access services.*

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

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

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

27 For the purpose of the proper administration of this chapter and to prevent evasion of the

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

5 (1) Tangible personal property or digital property unless the person takes from the
 6 purchaser a certificate to the effect that the property is either:

7 (a) Purchased for resale according to the provisions of KRS 139.270;

8 (b) Purchased through a fully completed certificate of exemption or fully
 9 completed Streamlined Sales and Use Tax Agreement Certificate of
 10 Exemption in accordance with KRS 139.270; or

11 (c) Purchased according to administrative regulations promulgated by the
 12 department governing a direct pay authorization;

13 (2) A service included in subsection (2)(a) to (f) of Section 3 of this Act~~KRS~~
 14 ~~139.200(2)(a) to (f)~~ unless the person takes from the purchaser a certificate to the
 15 effect that the service is purchased through a fully completed certificate of
 16 exemption or fully completed Streamlined Sales and Use Tax Agreement Certificate
 17 of Exemption in accordance with KRS 139.270; and

18 (3) A service included in subsection (2)(g) to (bc) of Section 3 of this Act~~KRS~~
 19 ~~139.200(2)(g) to (q)~~ unless the person takes from the purchaser a certificate to the
 20 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~~ extended warranty
3 services, and services listed under subsection (2)(g) to (bc) of Section 3 of this Act
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 Section 6 of this Act~~[an extended warranty service]~~. An unrelated printer with
9 which a person has contracted for printing shall not be deemed to be a
10 representative, agent, salesman, canvasser, or solicitor for the person;
- 11 (c) Any retailer soliciting orders for tangible personal property, digital property,
12 or any services subject to tax under Section 6 of this Act~~[an extended~~
13 ~~warranty service]~~ from residents of this state on a continuous, regular, or
14 systematic basis in which the solicitation of the order, placement of the order
15 by the customer or the payment for the order utilizes the services of any
16 financial institution, telecommunication system, radio or television station,
17 cable television service, print media, or other facility or service located in this
18 state;
- 19 (d) Any retailer deriving receipts from the lease or rental of tangible personal
20 property situated in this state;
- 21 (e) Any retailer soliciting orders for tangible personal property, digital property,
22 or any services subject to tax under Section 6 of this Act~~[an extended~~
23 ~~warranty service]~~ from residents of this state on a continuous, regular,
24 systematic basis if the retailer benefits from an agent or representative
25 operating in this state under the authority of the retailer to repair or service
26 tangible personal property or digital property sold by the retailer;
- 27 (f) Any retailer located outside Kentucky that uses a representative in Kentucky,

1 either full-time or part-time, if the representative performs any activities that
2 help establish or maintain a marketplace for the retailer, including receiving or
3 exchanging returned merchandise; or

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

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

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

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

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

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

25 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this
26 state of, tangible personal property or digital property which this state is prohibited
27 from taxing under the Constitution or laws of the United States, or under the

1 Constitution of this state;

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

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

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

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

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

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

21 (5) Gross receipts from sales of tangible personal property sold through coin-operated
22 bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the
23 retailer is primarily engaged in making the sales and maintains records satisfactory
24 to the department. As used in this subsection, "bulk vending machine" means a
25 vending machine containing unsorted merchandise which, upon insertion of a coin,
26 dispenses the same in approximately equal portions, at random and without
27 selection by the customer;

- 1 (6) Gross receipts from sales to any cabinet, department, bureau, commission, board, or
 2 other statutory or constitutional agency of the state and gross receipts from sales to
 3 counties, cities, or special districts as defined in KRS 65.005. This exemption shall
 4 apply only to purchases of tangible personal property, digital property, or services
 5 for use solely in the government function. A purchaser not qualifying as a
 6 governmental agency or unit shall not be entitled to the exemption even though the
 7 purchaser may be the recipient of public funds or grants;
- 8 (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky
 9 residents for use in heating, water heating, cooking, lighting, and other
 10 residential uses **if the sewer services, water, and fuel are purchased for and**
 11 **declared by the resident as used in his or her place of domicile.**
- 12 (b) As used in this subsection:~~[-,]~~
- 13 **1.** "Fuel" shall include but not be limited to natural gas, electricity, fuel oil,
 14 bottled gas, coal, coke, and wood;~~and[-]~~
- 15 **2.** **"Place of domicile" means the place where an individual has his or**
 16 **her legal, true, fixed, and permanent home and principal**
 17 **establishment, and to which, whenever the individual is absent, the**
 18 **individual has the intention of returning.**
- 19 (c) Determinations of eligibility for the exemption shall be made by the
 20 department.~~[-]~~
- 21 ~~(b) In making the determinations of eligibility, the department shall exempt from~~
 22 ~~taxation all gross receipts derived from sales:~~
- 23 ~~1. Classified as "residential" by a utility company as defined by applicable tariffs~~
 24 ~~filed with and accepted by the Public Service Commission;~~
- 25 ~~2. Classified as "residential" by a municipally owned electric distributor which~~
 26 ~~purchases its power at wholesale from the Tennessee Valley Authority;~~
- 27 ~~3. Classified as "residential" by the governing body of a municipally owned~~

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

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

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

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

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

24 (9) (a) Gross receipts derived from the sale of tangible personal property, as provided
 25 in paragraph (b) of this subsection, to a manufacturer or industrial processor if
 26 the property is to be directly used in the manufacturing or industrial
 27 processing process of:

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

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

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

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

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

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

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

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

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

26 (11) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage,
27 use, or other consumption outside this state and delivered by the retailer's own

1 vehicle to a location outside this state, or delivered to the United States Postal
2 Service, a common carrier, or a contract carrier for delivery outside this state,
3 regardless of whether the carrier is selected by the purchaser or retailer or an agent
4 or representative of the purchaser or retailer, or whether the F.O.B. is retailer's
5 shipping point or purchaser's destination.

6 (a) As used in this subsection:

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

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

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

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

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

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

27 (b) The retailer shall be responsible for establishing that delivery was made to a

1 non-Kentucky location through shipping documents or other credible evidence
2 as determined by the department;

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

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

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

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

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

25 (19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which
26 is:

27 (a) Sold to a Kentucky resident, registered for use on the public highways, and

- 1 upon which any applicable tax levied by KRS 138.460 has been paid; or
- 2 (b) Sold to a nonresident of Kentucky if the nonresident registers the motor
- 3 vehicle in a state that:
- 4 1. Allows residents of Kentucky to purchase motor vehicles without
- 5 payment of that state's sales tax at the time of sale; or
- 6 2. Allows residents of Kentucky to remove the vehicle from that state
- 7 within a specific period for subsequent registration and use in Kentucky
- 8 without payment of that state's sales tax;
- 9 (20) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and
- 10 trailer as defined in KRS 189.010(17);
- 11 (21) Gross receipts from the collection of:
- 12 (a) Any fee or charge levied by a local government pursuant to KRS 65.760;
- 13 (b) The charge imposed by KRS 65.7629(3);
- 14 (c) The fee imposed by KRS 65.7634; and
- 15 (d) The service charge imposed by KRS 65.7636;
- 16 (22) Gross receipts derived from charges for labor or services to apply, install, repair, or
- 17 maintain tangible personal property directly used in manufacturing or industrial
- 18 processing process of:
- 19 (a) Tangible personal property at a plant facility;
- 20 (b) Distilled spirits or wine at a plant facility or on the premises of a distiller,
- 21 rectifier, winery, or small farm winery licensed under KRS 243.030; or
- 22 (c) Malt beverages at a plant facility or on the premises of a brewer or
- 23 microbrewery licensed under KRS 243.040
- 24 that is not otherwise exempt under subsection (9) of this section or KRS
- 25 139.480(10), if the charges for labor or services are separately stated on the invoice,
- 26 bill of sale, or similar document given to purchaser;
- 27 (23) (a) **I.** For persons selling services included in **subsection (2)(g) to (p) of**

1 *Section 3 of this Act*~~[KRS 139.200(2)(g) to (q) prior to]~~ *on or after*
 2 January 1, 2019, *but prior to January 1, 2023,* gross receipts derived
 3 from the sale of those services if the gross receipts were less than six
 4 thousand dollars (\$6,000) during calendar year 2018. When gross
 5 receipts from these services exceed six thousand dollars (\$6,000) in a
 6 calendar year:

7 *a.*~~[1.]~~ All gross receipts over six thousand dollars (\$6,000) are taxable in
 8 that calendar year; and

9 *b.*~~[2.]~~ All gross receipts are subject to tax in subsequent calendar years.

10 *2. For persons selling services included in subsection (2)(g) to (p) of*
 11 *Section 3 of this Act prior to January 1, 2023, gross receipts derived*
 12 *from the sale of those services if the gross receipts were less than three*
 13 *thousand dollars (\$3,000) during calendar year 2022. When gross*
 14 *receipts from these services exceed three thousand dollars (\$3,000) in*
 15 *a calendar year:*

16 *a. All gross receipts over three thousand dollars (\$3,000) are*
 17 *taxable in that calendar year; and*

18 *b. All gross receipts are subject to tax in subsequent calendar years.*

19 (b) *For persons selling services included in subsection (2)(q) to (bc) of Section*
 20 *3 of this Act prior to January 1, 2023, gross receipts derived from the sale of*
 21 *those services if the gross receipts were less than three thousand dollars*
 22 *(\$3,000) during calendar year 2022. When gross receipts from these services*
 23 *exceed three thousand dollars (\$3,000) in a calendar year:*

24 *1. All gross receipts over three thousand dollars (\$3,000) are taxable in*
 25 *that calendar year; and*

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

27 (c) The exemption provided in this subsection shall not apply to a person also

1 engaged in the business of selling tangible personal property, digital property,
 2 or services included in subsection (2)(a) to (f) of Section 3 of this Act~~[KRS~~
 3 ~~139.200(2)(a) to (f)]~~; and

4 (24) (a) 1. For persons that first begin making sales of services included in
 5 subsection (2)(g) to (o) of Section 3 of this Act~~[KRS 139.200(2)(g) to~~
 6 ~~(q)]~~ on or after January 1, 2019 but before January 1, 2023, gross
 7 receipts derived from the sale of those services if the gross receipts are
 8 less than six thousand dollars (\$6,000) within the first calendar year of
 9 operation. When gross receipts from these services exceed six thousand
 10 dollars (\$6,000) in a calendar year:

11 a.~~[1.]~~ All gross receipts over six thousand dollars (\$6,000) are taxable in
 12 that calendar year; and

13 b.~~[2.]~~ All gross receipts are subject to tax in subsequent calendar years.

14 2. For persons that first begin making sales of services included in
 15 subsection (2)(g) to (o) of Section 3 of this Act on or after January 1,
 16 2023, gross receipts derived from the sale of those services if the gross
 17 receipts are less than three thousand dollars (\$3,000) within the first
 18 calendar year of operation. When gross receipts from these services
 19 exceed three thousand dollars (\$3,000) in a calendar year:

20 a. All gross receipts over six thousand dollars (\$6,000) are taxable
 21 in that calendar year; and

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

23 (b) For persons that first begin making sales of services included in subsection
 24 (2)(q) to (bc) of Section 3 of this Act on or after January 1, 2023, gross
 25 receipts from the sale of those services if the gross receipts were less than
 26 three thousand dollars (\$3,000) within the first calendar year of operation.
 27 When gross receipts from these services exceed three thousand dollars

1 (\$3,000) in a calendar year:

2 1. All gross receipts over three thousand dollars (\$3,000) are taxable in
3 that calendar year; and

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

5 (c) The exemption provided in this subsection shall not apply to a person that is
6 also engaged in the business of selling tangible personal property, digital
7 property, or services included in subsection (2)(a) to (f) of Section 3 of this
8 Act[KRS 139.200(2)(a) to (f)].

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

10 As used in this chapter:

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

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

21 (3) "Automobile utility trailer certificate" means a certificate authorizing a person to
22 engage in the business of automobile utility trailer lessor;

23 (4) "Automobile utility trailer lessor" means any person operating under an automobile
24 utility trailer certificate who is engaged in the business of leasing or renting
25 automobile utility trailers, but shall not include the agents of such persons;

26 (5) "Broker" means a person selected by the cabinet through a request for proposal
27 process to coordinate human service transportation delivery within a specific

- 1 delivery area. A broker may also provide transportation services within the specific
2 delivery area for which the broker is under contract with the cabinet;
- 3 (6) "Bus" means a motor vehicle operating under a bus certificate transporting
4 passengers for hire between points over regular routes;
- 5 (7) "Bus certificate" means a certificate granting authority for the operation of one (1)
6 or more buses;
- 7 (8) "Cabinet" means the Kentucky Transportation Cabinet;
- 8 (9) "Certificate" means a certificate of compliance issued under this chapter to motor
9 carriers;
- 10 (10) "Charter bus" means a motor vehicle operating under a charter bus certificate
11 providing for-hire intrastate transportation of a group of persons who, pursuant to a
12 common purpose under a single contract at a fixed charge for the motor vehicle,
13 have acquired the exclusive use of the motor vehicle to travel together under an
14 itinerary either specified in advance or modified after having left the place of origin;
- 15 (11) "Charter bus certificate" means a certificate granting authority for the operation of
16 one (1) or more charter buses;
- 17 (12) "Commissioner" means the commissioner of the Department of Vehicle Regulation;
- 18 (13) "CTAC" means the Coordinated Transportation Advisory Committee created in
19 KRS 281.870;
- 20 (14) "Department" means the Department of Vehicle Regulation;
- 21 (15) "Delivery area" means one (1) or more regions established by the cabinet in
22 administrative regulations promulgated under KRS Chapter 13A for the purpose of
23 providing human service transportation delivery in that region;
- 24 (16) "Disabled persons vehicle carrier" means a motor carrier for hire, transporting
25 passengers including the general public who require transportation in disabled
26 persons vehicles;
- 27 (17) "Disabled persons vehicle" means a motor vehicle operating under a disabled

- 1 persons vehicle certificate especially equipped for the transportation of passengers
2 with disabilities in accordance with 49 C.F.R. pt. 38, and is designed or constructed
3 with not more than fifteen (15) regular seats. It shall not mean an ambulance as
4 defined in KRS 311A.010. It shall not mean a motor vehicle equipped with a
5 stretcher;
- 6 (18) "Disabled persons vehicle certificate" means a certificate granting authority for the
7 operation of one (1) or more disabled persons vehicles transporting passengers for
8 hire;
- 9 (19) "Driveaway" means the transporting and delivering of motor vehicles, except
10 semitrailers and trailers, whether destined to be used in either a private or for-hire
11 capacity, under their own power or by means of a full mount method, saddle mount
12 method, the tow bar method, or any combination of them over the highways of this
13 state from any point of origin to any point of destination for hire. "Driveaway" does
14 not include the transportation of such vehicles by the full mount method on trailers
15 or semitrailers;
- 16 (20) "Driveaway certificate" means a certificate granting authority for the operation of
17 one (1) or more motor carrier vehicles operating as a driveaway;
- 18 (21) "Driver" means the person physically operating the motor vehicle;
- 19 (22) "Flatbed/rollback service" means a form of towing service which involves moving
20 vehicles by loading them onto a flatbed platform;
- 21 (23) "Highway" means all public roads, highways, streets, and ways in this state, whether
22 within a municipality or outside of a municipality;
- 23 (24) "Household goods" has the same meaning as in 49 C.F.R. sec. 375.103;
- 24 (25) "Household goods carrier" has the same meaning as "household goods motor
25 carrier" in 49 C.F.R. sec. 375.103;
- 26 (26) "Household goods certificate" means a certificate granting authority for the
27 operation of one (1) or more household goods vehicles;

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

1 carrier vehicle authorized to operate under a certificate;

2 (36) "Motor carrier license plate" means a license plate issued by the department to a
3 motor carrier authorized to operate under a certificate other than a household goods,
4 property, TNC, peer-to-peer car sharing, or U-Drive-It certificate;

5 (37) "Motor vehicle" means any motor-propelled vehicle used for the transportation of
6 passengers or property on a public highway, including any such vehicle operated as
7 a unit in combination with other vehicles;

8 (38) "Passenger" means an individual or group of people;

9 (39) "Peer-to-peer car sharing":

10 (a) Means the authorized use of a motor vehicle by an individual other than the
11 vehicle's owner through a peer-to-peer car sharing program; and

12 (b) Does not:

13 1. Include the operation of a U-Drive-It as defined in this section; or

14 2. Involve the sale or provision of rental vehicle insurance as defined in
15 KRS 304.9-020;

16 (40) "Peer-to-peer car sharing certificate" means a certificate granting the authority
17 for the operation of a peer-to-peer car sharing program;

18 (41) "Peer-to-peer car sharing company" means a person that operates a peer-to-peer
19 car sharing program;

20 (42) "Peer-to-peer car sharing program":

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

24 (b) Does not include a:

25 1. U-Drive-It;

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

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

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

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

10 (44)~~((40))~~ "Person" means any individual, firm, partnership, corporation, company,
11 association, or joint stock association, and includes any trustee, assignee, or
12 personal representative thereof;

13 (45)~~((41))~~ "Platoon" means a group of two (2) individual commercial motor vehicles
14 traveling in a unified manner at electronically coordinated speeds at following
15 distances that are closer than would ordinarily be allowed under KRS
16 189.340(8)(b);

17 (46)~~((42))~~ "Prearranged ride" means the period of time that begins when a transportation
18 network company driver accepts a requested ride through a digital network or
19 mobile application, continues while the driver transports the rider in a personal
20 vehicle, and ends when the transportation network company services end;

21 (47)~~((43))~~ "Pre-trip acceptance liability policy" means the transportation network
22 company liability insurance coverage for incidents involving the driver for a period
23 of time when a driver is logged into a transportation network company's digital
24 network or mobile application but is not engaged in a prearranged ride;

25 (48)~~((44))~~ "Property" means general or specific commodities, including hazardous and
26 nonhazardous materials;

27 (49)~~((45))~~ "Property certificate" means a certificate granting authority for the

1 transportation of property, other than household goods, not exempt under KRS
2 281.605;

3 **(50)**~~[(46)]~~ "Recovery":

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

8 (b) Includes:

- 9 1. Relocating a vehicle or cargo from a place where towing is not possible
10 to a place where towing is possible; and
11 2. The cleanup of debris or cargo, and returning an area to pre-event
12 condition;

13 **(51)**~~[(47)]~~ "Regular route" means the scheduled transportation of passengers between
14 designated points over designated routes under time schedules that provide a
15 regularity of services;

16 **(52)**~~[(48)]~~ "Regular seat" means a seat ordinarily and customarily used by one (1)
17 passenger and, in determining such seating capacity, the manufacturer's rating may
18 be considered;

19 **(53) "Shared vehicle":**

20 **(a) Means a motor vehicle that is available for car sharing through a peer-to-**
21 **peer car sharing program; and**

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

24 **(54) "Shared vehicle driver" means an individual who has been authorized to drive**
25 **the shared vehicle by the shared vehicle owner under a car sharing program**
26 **agreement;**

27 **(55) "Shared vehicle owner":**

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

4 (b) Does not include a:

- 5 1. Person operating a U-Drive-It;
- 6 2. Motor vehicle renting company as defined in KRS 281.687; or
- 7 3. Rental vehicle agent as defined in KRS 304.9-020;

8 ~~(56)~~~~(49)~~ "Storage facility" means any lot, facility, or other property used to store motor
 9 vehicles that have been removed from another location by a tow truck;

10 ~~(57)~~~~(50)~~ "Street hail" means a request for service made by a potential passenger using
 11 hand gestures or verbal statement;

12 ~~(58)~~~~(51)~~ "Subcontractor" means a person who has signed a contract with a broker to
 13 provide human service transportation delivery within a specific delivery area and
 14 who meets human service transportation delivery requirements, including proper
 15 operating authority;

16 ~~(59)~~~~(52)~~ "Tariff" means the listing of compensation received by a motor carrier for
 17 household goods that includes the manner in which and the amount of fares an
 18 authorized motor carrier may charge;

19 ~~(60)~~~~(53)~~ "Taxicab" means a motor vehicle operating under a taxicab certificate that is
 20 designed or constructed with not more than eight (8) regular seats and may be
 21 equipped with a taximeter;

22 ~~(61)~~~~(54)~~ "Taxicab certificate" means a certificate granting authority for the operation of
 23 one (1) or more taxicabs transporting passengers for hire;

24 ~~(62)~~~~(55)~~ "Taximeter" means an instrument or device approved by the department that
 25 automatically calculates and plainly indicates the charge to a passenger for hire who
 26 is being charged on the basis of mileage;

27 ~~(63)~~~~(56)~~ "Tow truck" means a motor vehicle equipped to provide any form of towing

1 service, including recovery service or flatbed/rollback service;

2 ~~(64)~~~~(57)~~ "Tow truck operator" means an individual who operates a tow truck as an
3 employee or agent of a towing company;

4 ~~(65)~~~~(58)~~ "Towing" means:

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

- 7 1. A motor vehicle accident on a public highway;
- 8 2. An incident related to an emergency; or
- 9 3. An incident that necessitates the removal of the motor vehicle from a
10 location for public safety reasons;

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

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

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

- 18 1. Maintenance of the chain of custody of evidence;
- 19 2. Forfeiture of assets; or
- 20 3. Delinquency of highway fuel tax, weight distance tax, or any other taxes
21 and fees administered by the Transportation Cabinet;

22 ~~(66)~~~~(59)~~ "Towing company":

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

- 24 1. Tows or otherwise moves motor vehicles by means of a tow truck; or
- 25 2. Owns or operates a storage lot;

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

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

5 ~~(67)~~~~((60))~~ "Transportation network company" or "TNC" means a person or entity that
6 connects passengers through its digital network or mobile application to its drivers
7 for the provision of transportation network company services;

8 ~~(68)~~~~((61))~~ "Transportation network company certificate" or "TNC certificate" means a
9 certificate granting the authority for the operation of one (1) or more transportation
10 network company vehicles transporting passengers for hire;

11 ~~(69)~~~~((62))~~ "Transportation network company driver" or "TNC driver" means an
12 individual who operates a motor vehicle that is owned or leased by the individual,
13 or a motor vehicle for which the driver is an insured driver and has the permission
14 of the owner or lessee of the motor vehicle, and used to provide transportation
15 network company services;

16 ~~(70)~~~~((63))~~ "Transportation network company service" or "TNC service" means a
17 prearranged passenger transportation service offered or provided through the use of
18 a transportation network company mobile application or digital network to connect
19 potential passengers with transportation network company drivers;

20 ~~(71)~~~~((64))~~ "Transportation network company vehicle" or "TNC vehicle" means a
21 privately owned or leased motor vehicle, designed or constructed with not more
22 than eight (8) regular seats, operating under a transportation network company
23 certificate;

24 ~~(72)~~~~((65))~~ "U-Drive-It" means any person operating under a U-Drive-It certificate who
25 leases or rents a motor vehicle for consideration to be used for the transportation of
26 persons or property, but for which no driver is furnished, and the use of which
27 motor vehicle is not for the transportation of persons or property for hire by the

1 lessee or rentee; and

2 ~~(73)[(66)]~~ "U-Drive-It certificate" means a certificate granting authority for the operation
3 of one (1) or more U-Drive-Its.

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

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

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

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

- 13 1. Taxicab certificate;
- 14 2. Limousine certificate;
- 15 3. Disabled persons vehicle certificate;
- 16 4. Transportation network company certificate;
- 17 5. Household goods certificate;
- 18 6. Charter bus certificate;
- 19 7. Bus certificate;
- 20 8. U-Drive-It certificate;
- 21 9. Property certificate;
- 22 10. Driveaway certificate; ~~and~~

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

24 **12.** ~~11.~~ Automobile utility trailer certificate.

25 (b) Application for a certificate shall be made in such form as the department may
26 require. The department shall receive an application fee of two hundred fifty
27 dollars (\$250) for all applications, except that the department shall receive an

1 application fee of twenty-five dollars (\$25) for a property certificate.

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

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

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

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

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

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

17 ~~6.[5.]~~ For taxicab, limousine, disabled persons vehicle, TNC, household
18 goods, charter bus, and bus certificates, obtain and retain for a period of
19 at least three (3) years, a nationwide criminal background check, in
20 compliance with KRS 281.6301, of each owner, official, employee,
21 independent contractor, or agent operating a passenger vehicle or
22 household goods vehicle or entering a private residence or storage
23 facility for the purpose of providing or facilitating the transportation of
24 household goods;

25 ~~7.[6.]~~ For household goods certificates, file with the department a current
26 tariff; and

27 ~~8.[7.]~~ For a bus certificate, file with the department authorization from a city

1 as required by KRS 281.635.

- 2 (4) (a) Every certificate shall be renewed annually. Application for renewal shall be
3 in such form as the department may require.
- 4 (b) A certificate not renewed within one (1) calendar year after the date for its
5 renewal shall become null and void.
- 6 (c) The department shall not renew any certificate if it has been revoked or, if
7 suspended, during the period of any suspension. A certificate shall not be
8 considered revoked or suspended when an appeal of the revocation or
9 suspension is pending in a court of competent jurisdiction.
- 10 (d) For the renewal of an intrastate certificate, the department shall receive a fee
11 of two hundred fifty dollars (\$250), except for an application for renewal of a
12 property certificate, for which the department shall receive a fee of twenty-
13 five dollars (\$25).
- 14 (e) Before the department may renew a certificate, the certificate holder shall:
- 15 1. Pay the renewal fee established under paragraph (d) of this subsection;
- 16 2. For the entities other than TNCs and peer-to-peer car sharing
17 companies, file a motor carrier vehicle license application or renewal for
18 each motor carrier vehicle as required by KRS 281.631. The certificate
19 holder shall file at least one (1) motor carrier vehicle license application
20 or renewal before being eligible for renewal;
- 21 3. For TNCs, file a TNC authority application with the department
22 pursuant to administrative regulations promulgated by the department;
- 23 4. For peer-to-peer car sharing companies, file a peer-to-peer car
24 sharing certificate application with the department pursuant to
25 administrative regulations promulgated by the department;
- 26 5. File with the department one (1) or more approved indemnifying bonds
27 or insurance policies as required by KRS 281.655;

1 ~~6.15.1~~ Every three (3) years, for taxicab, limousine, disabled persons vehicle,
2 TNC, household goods, charter bus, and bus certificates, obtain and
3 retain for a period of at least three (3) years, a nationwide criminal
4 background check in compliance with KRS 281.6301, of each owner,
5 official, employee, independent contractor, or agent operating a
6 passenger vehicle or entering a private residence or storage facility for
7 the purpose of providing or facilitating the transportation of household
8 goods. However, within the three (3) year period:

9 a. If a new owner, official, employee, independent contractor, or
10 agent joins the certificate holder and performs the aforementioned
11 duties; or

12 b. If the certificate holder has knowledge that a current owner,
13 official, employee, independent contractor, or agent who performs
14 the aforementioned duties has been convicted of or pled guilty to
15 any of the offenses listed in KRS 281.6301(2);

16 then the certificate holder shall obtain and retain for a period of at least
17 three (3) years, a nationwide criminal background check for that owner,
18 official, employee, independent contractor, or agent; and

19 ~~7.16.1~~ For household goods certificates, have on file with the department a
20 current tariff.

21 (5) (a) A motor carrier operating under a household goods certificate shall, at all
22 times the certificate is in effect, maintain on file with the department a current
23 tariff.

24 (b) Except for a household goods certificate holder that has had only an out-of-
25 state address on file with the department prior to January 1, 2015, all
26 certificate holders shall maintain on file with the department an address within
27 the Commonwealth. The certificate holder shall keep open for public

1 inspection at that address such information as the department may require.

2 (c) The certificate holder shall not charge, demand, collect, or receive a greater,
3 less, or different compensation for the transportation of household goods or
4 for any service in connection therewith, than the tariff filed with the
5 department and in effect at the time would require. A certificate holder shall
6 not make or give any unreasonable preference or advantage to any person, or
7 subject any person to any unreasonable discrimination.

8 (6) A certificate shall not be transferred unless the transfer involves either the change of
9 the legal name of the existing certificate holder or the incorporation of a sole
10 proprietor certificate holder.

11 (7) A certificate authorizing a person to act as an automobile utility trailer lessor shall
12 also authorize the agents of the person to act on his or her behalf during the period
13 of their agency.

14 (8) A motor carrier vehicle shall not be operated after the expiration of the certificate
15 under which it is operated.

16 (9) A person shall not knowingly employ the services of a motor carrier not authorized
17 to perform such services.

18 (10) If the department, after a hearing held upon its own motion or upon complaint, finds
19 any existing rate unjustly discriminatory, or finds the services rendered or facilities
20 employed by any motor carrier to be unsafe, inadequate, inconvenient, or in
21 violation of law or of the administrative regulations of the department, it may by
22 final order do any or all of the following:

23 (a) Require the certificate holder to follow any rate or time schedule in effect at
24 the time of service;

25 (b) Require the certificate holder to issue a refund to the complainant;

26 (c) Require the certificate holder to pay the fine set out in KRS 281.990 to the
27 department; and

1 (d) Determine the reasonable, safe, adequate, and convenient service to be
2 thereafter furnished.

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

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

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

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

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

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

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

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

17 *b. Motor vehicle rental company; and*

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

21 *a. TNC;*

22 *b. Taxicab; or*

23 *c. Limousine service provider;*

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

25 *1. "Limousine";*

26 *2. "Peer-to-peer car sharing certificate";*

27 *3. "Peer-to-peer car sharing company";*

- 1 4. "Peer-to-peer car sharing driver";
- 2 5. "Peer-to-peer car sharing program";
- 3 6. "Shared vehicle";
- 4 7. "Shared vehicle driver";
- 5 8. "Taxicab";
- 6 9. "Transportation network company" or "TNC";
- 7 10. "Transportation network company service" or "TNC service"; and
- 8 11. "U-Drive-It";
- 9 (d) "Motor vehicle rental company" has the same meaning as in KRS 281.687;
- 10 and
- 11 (e) "Person" means the holder of any of the following certificates in Section 10
- 12 of this Act:
- 13 1. Limousine;
- 14 2. Peer-to-peer car sharing;
- 15 3. Taxicab;
- 16 4. Transportation network; and
- 17 5. U-Drive-It.
- 18 (2) An excise tax is imposed upon every person for the privilege of providing a motor
- 19 vehicle for sharing or for rent, with or without a driver, within the
- 20 Commonwealth. The tax is imposed at the rate of six percent (6%) of the gross
- 21 receipts derived from the:
- 22 (a) Rental of a shared vehicle by a peer-to peer car sharing company;
- 23 (b) Rental of a vehicle by a motor vehicle renting company;
- 24 (c) Sales of TNC services;
- 25 (d) Sales of taxicab services; and
- 26 (e) Sales of limousine services.
- 27 (3) The tax imposed under subsection (2) of this section shall be administered and

1 collected by the department. Revenues generated from the tax shall be deposited
2 into the general fund.

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

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

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

20 (c) Notwithstanding the four (4) year time limitation of paragraph (a) of this
21 subsection, in the case of a return where the amount of taxes computed by
22 the department is greater by twenty-five percent (25%) or more than the
23 amount returned by the person, the excess shall be assessed by the
24 department within six (6) years from the date the return was filed.

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

27 (a) Limousine certificate holder;

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

2 (c) Taxicab certificate holder;

3 (d) TNC certificate holder; or

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

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

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

20 (9) If the tax imposed by subsection (2) of this section is not paid on or before the
21 date prescribed for its payment, there shall be collected, as a part of the tax,
22 interest upon the unpaid amount at the tax interest rate as defined in KRS
23 131.010(6) from the date prescribed for its payment until payment is actually
24 made.

25 (10) Notwithstanding any other provisions of this chapter to the contrary, the
26 president, vice president, secretary, treasurer, or any other person holding any
27 equivalent corporate office of any corporation subject to the provisions of this

1 chapter shall be personally and individually liable, both jointly and severally, for
2 the taxes imposed under this chapter, and neither the corporate dissolution nor
3 withdrawal of the corporation from the state nor the cessation of holding any
4 corporate office shall discharge the foregoing liability of any person. The
5 personal and individual liability shall apply to each and every person holding the
6 corporate office at the time the taxes become or became due. No person will be
7 personally and individually liable pursuant to this section who had no authority
8 in the management of the business or financial affairs of the corporation at the
9 time that the taxes imposed by this chapter become or became due. Taxes as used
10 in this section shall include interest accrued at the rate provided by KRS 139.650
11 and all applicable penalties imposed under this chapter and all applicable
12 penalties and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.
13 (11) Notwithstanding any other provisions of this chapter, KRS 275.150, 362.1-306(3)
14 or predecessor law, or 362.2-404(3) to the contrary, the managers of a limited
15 liability company, the partners of a limited liability partnership, and the general
16 partners of a limited liability limited partnership, or any other person holding any
17 equivalent office of a limited liability company, limited liability partnership, or
18 limited liability limited partnership subject to the provisions of this chapter, shall
19 be personally and individually liable, both jointly and severally, for the taxes
20 imposed under this chapter. Dissolution, withdrawal of the limited liability
21 company, limited liability partnership, or limited liability limited partnership
22 from the state, or the cessation of holding any office shall not discharge the
23 liability of any person. The personal and individual liability shall apply to each
24 and every manager of a limited liability company, partner of a limited liability
25 partnership, and the general partner of a limited liability limited partnership at
26 the time the taxes become or became due. No person shall be personally and
27 individually liable under this subsection who had no authority to collect,

1 truthfully account for, or pay over any tax imposed by this chapter at the time
 2 that the taxes imposed by this chapter become or became due. "Taxes" as used in
 3 this section shall include interest accrued at the rate provided by KRS 131.183, all
 4 applicable penalties imposed under this chapter, and all applicable penalties and
 5 fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.

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

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

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

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

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

23 Excluded from the additional taxable services imposed by subsection (2)(q) to (bc) of
 24 Section 3 of this Act are gross receipts denied from:

- 25 (1) Sales of the services in fulfillment of a lump-sum, fixed-fee contract or a fixed
 26 price sales contract executed on or before the date of introduction of this Act; and
 27 (2) A lease or rental agreement entered into on or before the effective date of this

1 Act.

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

4 As used in KRS 91A.345 to 91A.394:

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

6 (2) "Rent " means the total amount charged for the rental of an accommodation and
7 any charges for any services necessary to facilitate the rental of accommodations
8 whether the amount is charged by the provider of the accommodations or by a
9 person facilitating the rental of the accommodations by brokering, coordinating,
10 or in any way arranging for the rental of the accommodations.

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

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

24 (a) Two (2) commissioners shall be appointed from a list of three (3) or more
25 names submitted by the local city hotel and motel association and one (1)
26 commissioner shall be appointed from a list of three (3) or more names
27 submitted by the local county hotel and motel association, provided that if

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

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

22 (c) One (1) commissioner shall be appointed from a list of three (3) or more
23 names submitted by the chamber or chambers of commerce existing within
24 those governmental units, which by joint or separate action have established
25 the commission. If the commission is established by joint action of a county
26 and a city or cities, then each chamber of commerce shall submit a list of three
27 (3) names, and the chief executive officers of the participating governmental

1 units shall jointly appoint one (1) commission member from the aggregate list.
2 If no local chamber of commerce is in existence upon the establishment of a
3 commission or upon the expiration of the term of a commissioner appointed
4 pursuant to this subsection, then one (1) commissioner shall be appointed by
5 the appropriate chief executive officer or officers from persons residing within
6 the jurisdiction of the commission and representing local businesses.

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

- 8 1. By the chief executive officer of the county or city, if the commission
9 has been established by separate action of a county or city; or
- 10 2. One (1) each by the chief executive officer of the county and by the chief
11 executive officer of the most populous city participating in the
12 establishment of the commission, if the commission has been
13 established by joint action of a county and a city or cities.

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

18 (3) The commissioners shall be appointed for terms of three (3) years, provided, that in
19 making the initial appointments, the appropriate chief executive officer or officers
20 shall appoint two (2) commissioners for a term of three (3) years, two (2)
21 commissioners for a term of two (2) years and three (3) commissioners for a term of
22 one (1) year. There shall be no limitation on the number of terms to which a
23 commissioner is reappointed. Subsequent appointments shall be for three (3) year
24 terms.

25 (4) The commission shall elect from its membership a chairman and a treasurer, and
26 may employ personnel and make contracts necessary to carry out the purpose of
27 KRS 91A.345 to 91A.394~~[91A.350 to 91A.390.]~~ The contracts may include, but

1 shall not be limited to, the procurement of promotional services, advertising
2 services, and other services and materials relating to the promotion of tourist and
3 convention business. Contracts of the type enumerated shall be made only with
4 persons, organizations, and firms with experience and qualifications for providing
5 promotional services and materials, such as advertising firms, chambers of
6 commerce, publishers, and printers.

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

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

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

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

20 (1) Except in a county containing a consolidated local government, the commission
21 established pursuant to KRS 91A.350(1) shall be composed of nine (9) members to
22 be appointed by the mayor of the largest city in the county, the county
23 judge/executive and the Governor of the Commonwealth.

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

27 (a) One (1) commissioner from a list submitted by the local city hotel and motel

- 1 association;
- 2 (b) One (1) commissioner from a list submitted by the chamber of commerce of
3 the largest city in the county; and
- 4 (c) One (1) commissioner from a list submitted by the local restaurant association
5 or associations.
- 6 (3) Except in a county containing a consolidated local government, the county
7 judge/executive shall, with the approval of the fiscal court, appoint three (3)
8 commissioners in the following manner:
- 9 (a) One (1) commissioner from a list submitted by the local county hotel and
10 motel association, provided that if only one (1) local hotel and motel
11 association exists which covers both the city and county, then the local hotel
12 and motel association shall submit a list to the county judge/executive;
- 13 (b) One (1) commissioner from a list submitted by the board of directors of the
14 largest incorporated Thoroughbred horse racing concern in the county, which
15 list shall contain only directors, officers, or employees of that corporation; and
- 16 (c) One (1) commissioner who is a resident of the county and who has an active
17 interest in the convention and tourist industry.
- 18 (4) Except in a county containing a consolidated local government, the Governor shall
19 appoint three (3) commissioners in the following manner:
- 20 (a) One (1) commissioner from a list submitted by the State Fair Board;
- 21 (b) One (1) commissioner from a list submitted by the local countywide air board;
22 and
- 23 (c) One (1) commissioner shall be appointed, in those counties not containing a
24 consolidated local government, who is a resident of the county. In those
25 counties containing a consolidated local government, one (1) commissioner
26 shall be appointed who is a resident of the area comprising the consolidated
27 local government.

- 1 (5) Vacancies shall be filled in the manner that original appointments are made.
- 2 (6) When a list as provided in subsections (2) and (3) of this section contains less than
3 three (3) names or when a selection from such list is not made, the appointing
4 authority shall request in writing the submission of a new list of names.
- 5 (7) Except in a county containing a consolidated local government, the commissioners
6 shall be appointed for a term of three (3) years, provided that in making the initial
7 appointments, the mayor, county judge/executive, and Governor of the
8 Commonwealth shall each appoint one (1) commissioner for a term of one (1) year,
9 one (1) commissioner for a term of two (2) years, and one (1) commissioner for a
10 term of three (3) years.
- 11 (8) Upon the establishment of a consolidated local government in a county where a city
12 of the first class and a county containing such city have had in effect a cooperative
13 compact pursuant to KRS 79.310 to 79.330, the commission shall have nine (9)
14 members. Six (6) members of the commission shall be appointed by the mayor of
15 the consolidated local government pursuant to the provisions of KRS 67C.139 for a
16 term of three (3) years. The Governor of the Commonwealth shall appoint three (3)
17 members of the commission for a term of three (3) years. Incumbent members upon
18 the establishment of the consolidated local government shall continue to serve as
19 members of the board for the time remaining of their current term of appointment.
- 20 (9) The commission shall elect from its membership a chairman and a treasurer, and
21 may employ such personnel and make such contracts as are necessary to effectively
22 carry out the purposes of KRS 91A.345 to 91A.390~~[91A.350 to 91A.390]~~. Such
23 contracts may include but shall not be limited to the procurement of promotional
24 services, advertising services, and other services and materials relating to the
25 promotion of tourist and convention business; provided, contracts of the type
26 enumerated shall be made only with persons, organizations, and firms with
27 experience and qualifications for providing promotional services and materials such

1 as advertising firms, chambers of commerce, publishers, and printers.

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

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

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

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

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

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

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

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

22 (d) Four (4) commissioners who shall be residents of the urban-county.

23 (2) Vacancies 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 chief elective official of the urban-county shall
26 appoint three (3) commissioners for a term of three (3) years, three (3)
27 commissioners for a term of two (2) years and three (3) commissioners for a term of

1 one (1) year.

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

12 (5) The books of the commission shall be audited as provided in KRS 65A.030. The
13 independent certified public accountant or Auditor of Public Accounts shall make a
14 report to the commission, to the organizations submitting names from which
15 commission members are selected, and to the mayor of the urban-county
16 government.

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

18 ➔Section 18. KRS 91A.380 is amended to read as follows:

19 (1) The commission established pursuant to KRS 91A.350(3) shall be composed of six
20 (6) members from each county to be appointed by the county judge/executive, with
21 the approval of the fiscal court in the following manner:

22 (a) Two (2) commissioners with an accounting, finance, or business background,
23 one (1) of whom is a member of the local chamber of commerce;

24 (b) One (1) commissioner selected from the public at large;

25 (c) One (1) commissioner from the General Assembly;

26 (d) One (1) commissioner representing local restaurants; and

27 (e) One (1) commissioner representing local hotels and motels.

- 1 (2) Vacancies shall be filled in the same manner that original appointments are made.
- 2 (3) The commissioners shall be appointed for terms of three (3) years, provided that in
3 making the initial appointments, the county judge/executive shall appoint two (2)
4 commissioners for a term of three (3) years, two (2) commissioners for a term of
5 two (2) years, and two (2) commissioners for a term of one (1) year.
- 6 (4) The commission shall elect from its membership a chairman and a treasurer, and
7 may employ such personnel and make such contracts as are necessary to effectively
8 carry out the purpose of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~. Such
9 contracts may include but shall not be limited to the procurement of promotional
10 services, advertising services and other services and materials relating to the
11 promotion of tourist and convention business.
- 12 (5) The books of the commission and its account as established in KRS 91A.390(2)
13 shall be audited as provided in KRS 65A.030. The independent certified public
14 accountant or Auditor of Public Accounts shall make a report to the commission, to
15 the organizations submitting names from which commission members are selected,
16 and to the county judge/executive of each county. A copy of the audit report shall be
17 made available by the commission to members of the public upon request and at no
18 charge.
- 19 (6) A commissioner may be removed from office as provided by KRS 65.007.
- 20 (7) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.
- 21 ➔Section 19. KRS 91A.390 is amended to read as follows:
- 22 (1) (a) The commission shall annually submit to the local governing body or bodies
23 which established it a request for funds for the operation of the commission.
- 24 (b) The local governing body or bodies shall include the commission in the
25 annual budget and shall provide funds for the operation of the commission by
26 imposing a transient room tax on the rent for every occupancy of a suite,
27 room,~~[-or]~~ rooms, *cabins, lodgings, campsites, or other accommodations*

1 charged by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds,
2 recreational vehicle parks, or any other place in which accommodations are
3 regularly furnished to transients for consideration or by any person that
4 facilitates the rental of the accommodations by brokering, coordinating, or
5 in any other way arranging for the rental of the accommodations~~[all~~
6 ~~persons, companies, corporations, or other like or similar persons, groups, or~~
7 ~~organizations doing business as motor courts, motels, hotels, inns, or like or~~
8 ~~similar accommodations businesses]~~ as follows:

- 9 1. For a local governing body or bodies, other than an urban-county
10 government, the tax rate shall not exceed three percent (3%); and
- 11 2. For an urban-county government, the tax rate shall not exceed four
12 percent (4%).

13 (c) In addition to the three percent (3%) levy authorized by paragraph (b)1. of this
14 subsection, the local governing body other than an urban-county government
15 may impose a special transient room tax not to exceed one percent (1%) for
16 the purposes of:

- 17 1. Meeting the operating expenses of a convention center; and
- 18 2. In the case of a consolidated local government, financing the renovation
19 or expansion of a convention center that is government-owned and
20 located in the central business district of the consolidated local
21 government, except that if a consolidated local government imposes the
22 special transient room tax authorized under this paragraph on or after
23 August 1, 2014, revenue derived from the levy shall not be used to meet
24 the operating expenses of a convention center until any debt issued for
25 financing the renovation or expansion of a government-owned
26 convention center located in the central business district of the
27 consolidated local government is retired.

- 1 (d) Transient room taxes shall not apply to rooms, lodgings, campsites, or
2 accommodations supplied for a continuous period~~[the rental or leasing of an~~
3 ~~apartment supplied by an individual or business that regularly holds itself out~~
4 ~~as exclusively providing apartments. Apartment means a room or set of~~
5 ~~rooms, in an apartment building, fitted especially with a kitchen and usually~~
6 ~~leased as a dwelling for a minimum period]~~ of thirty (30) days or more to a
7 person.
- 8 (e) The local governing body or bodies that have established a commission by
9 joint or separate action shall enact an ordinance for the enforcement of the tax
10 measure enacted pursuant to this section and the collection of the proceeds of
11 this tax measure on a monthly basis.
- 12 (2) All moneys collected pursuant to this section and KRS 91A.400 shall be maintained
13 in an account separate and unique from all other funds and revenues collected, and
14 shall be considered tax revenue for the purposes of KRS 68.100 and KRS 92.330.
- 15 (3) A portion of the money collected from the imposition of this tax, as determined by
16 the tax levying body, upon the advice and consent of the tourist and convention
17 commission, may be used to finance the cost of acquisition, construction, operation,
18 and maintenance of facilities useful in the attraction and promotion of tourist and
19 convention business, including projects described in KRS 154.30-050(2)(a). The
20 balance of the money collected from the imposition of this tax shall be used for the
21 purposes set forth in KRS 91A.350. Proceeds of the tax shall not be used as a
22 subsidy in any form to any hotel, motel, inn, motor court, tourist camp, tourist
23 cabin, campgrounds, recreational vehicle parks, or any other person furnishing
24 accommodations, or restaurant, except as provided in KRS 154.30-050(2)(a)3.c.
25 Money not expended by the commission during any fiscal year shall be used to
26 make up a part of the commission's budget for its next fiscal year.
- 27 (4) A county with a city of the first class may impose an additional tax, not to exceed

1 one and one-half percent (1.5%) of the ~~room~~ rent. This additional tax, if approved
2 by the local governing body, shall be collected and administered in the same manner
3 as the ~~regular~~ tax **authorized by subsection (1)(b) of this subsection** and shall be
4 used for the purpose of funding additional promotion of tourist and convention
5 business.

6 (5) An urban-county government may impose an additional tax, not to exceed one
7 percent (1%) of the ~~room~~ rents included in this subsection. This additional tax
8 shall be collected and administered in the same manner as the ~~regular~~ tax
9 **authorized by subsection (1)(b) of this subsection** with the exception that this
10 additional tax shall be used for the purpose of funding the purchase of development
11 rights program provided for under KRS 67A.845.

12 (6) Local governing bodies which have formed multicounty tourist and convention
13 commissions as provided by KRS 91A.350(3) may impose an additional tax, not to
14 exceed one percent (1%) of the ~~room~~ rents. This additional tax, if approved by
15 each governing body, shall be collected and administered in the same manner as the
16 ~~regular~~ tax **authorized by subsection (1)(b) of this subsection**, with the exception
17 that this additional tax shall be used for the purpose of funding regional efforts
18 relating to the promotion of tourist and convention business and convention centers.
19 In no event shall any revenues collected as provided for under KRS 91A.350(3) be
20 utilized for the construction, renovation, maintenance, or additions to any
21 convention center that is located outside the boundaries of the Commonwealth of
22 Kentucky.

23 (7) The commission, with the approval of the tax levying body, may borrow money to
24 pay its obligations that cannot be paid at maturity out of current revenue from the
25 transient room tax, but shall not borrow a sum greater than can be repaid out of the
26 revenue anticipated from the transient room tax during the year the money is
27 borrowed. The commission may pledge its securities for the repayment of any sum

1 borrowed.

2 (8) The fiscal court or legislative body of a consolidated local government or city
3 establishing a commission pursuant to KRS 91A.350(1) or (2) and, in its own name,
4 a commission established pursuant to of KRS 91A.350(1) is authorized and
5 empowered to issue revenue bonds pursuant to KRS Chapter 58 for public projects.
6 Bonds issued for the purposes of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~,
7 may be used to pay any cost for the acquisition of real estate, the construction of
8 buildings and appurtenances, the preparation of plans and specifications, and legal
9 and other services incidental to the project or to the issuance of the bonds. The
10 payment of the bonds, with interest, may be secured by a pledge of and a first lien
11 on all of the receipts and revenue derived, or to be derived, from the rental or
12 operation of the property involved. Bond and interest obligations issued pursuant to
13 this section shall not constitute an indebtedness of the county, consolidated local
14 government, or city. All bonds sold under the authority of this section shall be
15 subject to competitive bidding as provided by law, and shall bear interest at a rate
16 not to exceed that established for bonds issued for public projects under KRS
17 Chapter 58.

18 (9) A commission established pursuant to KRS 91A.350(3) is authorized and
19 empowered to issue revenue bonds in its own name, payable solely from its income
20 and revenue, pursuant to KRS Chapter 58 for revenue bonds for public projects.
21 Bonds issued for the purposes of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~,
22 may be used to pay any cost for the acquisition of real estate, the construction of
23 buildings and appurtenances, the preparation of plans and specifications, and legal
24 and other services incidental to the project or to the issuance of the bonds. The
25 payment of the bonds, with interest, may be secured by a pledge of and a first lien
26 on all of the receipts and revenue derived, or to be derived, from the rental or
27 operation of the property involved. Bond and interest obligations issued pursuant to

1 this section shall not constitute an indebtedness of the county. All bonds sold
 2 pursuant to this section shall be subject to competitive bidding as provided by law,
 3 and shall not bear interest at rates exceeding those for bonds issued for public
 4 projects under KRS Chapter 58.

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

- 6 (1) In addition to the three percent (3%) transient room tax authorized by KRS
 7 91A.390(1)(b), and the one percent (1%) transient room tax authorized by KRS
 8 153.440, a consolidated local government, or the fiscal court in a county containing
 9 an authorized city, except those counties that are included in a multicounty tourist
 10 and convention commission under KRS 91A.350, may levy an additional transient
 11 room tax not to exceed two percent (2%) of the rent for every occupancy of a suite,
 12 room, ~~room~~ rooms, *cabin, lodgings, campsites or other accommodations* charged by
 13 *any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational*
 14 *vehicle parks, or other place in which accommodations are regularly furnished to*
 15 *transients for a consideration or by any person that facilitates the rental of the*
 16 *accommodations by brokering, coordinating, or in any other way arranging for*
 17 *the rental of the accommodations for consideration*~~[all persons, companies,~~
 18 ~~corporations, or other similar persons, groups, or organizations doing business as~~
 19 ~~motor courts, motels, hotels, inns, or similar accommodations businesses].~~

- 20 (2) *The taxes imposed under this section shall not apply to rooms, lodgings,*
 21 *campsites, or accommodations supplied for a continuous period of thirty (30)*
 22 *days or more to a person.*

- 23 (3) (a) Except as otherwise provided in paragraph (b) of this subsection, all money
 24 collected from the tax authorized by this section shall be applied toward the
 25 retirement of bonds issued pursuant to KRS 91A.390(8) to finance in part the
 26 expansion or construction or operation of a governmental or nonprofit
 27 convention center or fine arts center useful to the promotion of tourism

1 located in the central business district of the consolidated local government or
2 the authorized city located in the county.

3 (b) 1. This paragraph shall apply to the tax levied pursuant to this section,
4 prior to July 1, 2015, by a fiscal court of a county having a population
5 between seventy-five thousand (75,000) and one hundred thousand
6 (100,000) based on the 2010 federal decennial census.

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

15 ~~(4)~~~~(3)~~ After the retirement of the bonds provided for in this section, the additional
16 transient room tax levied pursuant to this section shall be void, and the consolidated
17 local government or fiscal court shall take action to repeal the ordinance which
18 levied the tax.

19 ~~(5)~~~~(4)~~ As used in this section, "authorized city" means a city of the first class and a
20 city included on the registry maintained by the Department for Local Government
21 under subsection (5) of this section.

22 ~~(6)~~~~(5)~~ On or before January 1, 2015, the Department for Local Government shall
23 create and maintain a registry of cities that, as of August 1, 2014, were classified as
24 cities of the second class. The Department for Local Government shall make the
25 information included on the registry available to the public by publishing it on its
26 Web site.

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

1 Any resident of the county may bring an action in the Circuit Court to enforce the
 2 provisions of KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~. The Circuit Court shall
 3 hear the action and, on a finding that the commission has violated the provisions of KRS
 4 91A.345 to 91A.394~~[91A.350 to 91A.390]~~, shall order the commission to comply with
 5 the provisions. The Circuit Court, in its discretion, may allow the prevailing party, other
 6 than the commission, court costs, to be paid from the commission's account.

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

- 8 (1) As used in this section, "authorized city" means a city on the registry maintained by
 9 the Department for Local Government under subsection (2) of this section.
- 10 (2) On or before January 1, 2015, the Department for Local Government shall create
 11 and maintain a registry of cities that, as of January 1, 2014, were classified as cities
 12 of the fourth or fifth class. The Department for Local Government shall make the
 13 information included on the registry available to the public by publishing it on its
 14 Web site.
- 15 (3) In addition to the three percent (3%) transient room tax authorized by KRS 91A.390
 16 (1)(b), the city legislative body in an authorized city may levy an additional
 17 restaurant tax not to exceed three percent (3%) of the retail sales by all restaurants
 18 doing business in the city. All moneys collected from the tax authorized by this
 19 section shall be turned over to the tourist and convention commission established in
 20 that city as provided by KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~.

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

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

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

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

- 25 **(2)** In addition to the three percent (3%) transient room tax authorized by KRS
 26 91A.390(1)(b), fiscal courts in counties containing cities of the first class or
 27 consolidated local governments may levy an additional transient room tax not to

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

11 **(2)** *The tax imposed under this section shall not apply to rooms, lodgings, campsites,*
 12 *or accommodations supplied for a continuous period of thirty (30) days or more*
 13 *to a person.*

14 **(3)** All moneys collected from the tax authorized by this section shall be turned over to
 15 the Kentucky Center for the Arts Corporation and shall be used to defray operating
 16 costs of the Kentucky Center for the Arts.

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

18 (1) In addition to the four percent (4%) transient room tax authorized by KRS
 19 91A.390**(1)(b)2.** an urban-county government may levy an additional transient room
 20 tax not to exceed two percent (2%) of the rent for every occupancy of a suite,
 21 room,~~[-or]~~ rooms, *cabins, lodgings, campsites, or other accommodations* charged
 22 by *any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational*
 23 *vehicle parks, or other place in which accommodations are regularly furnished to*
 24 *transients for a consideration or by any person that facilitates the rental of the*
 25 *accommodations by brokering, coordinating, or in any other way arranging for*
 26 *the rental of the accommodations for consideration*~~[all persons, companies,~~
 27 ~~corporations, or other like or similar persons, groups, or organizations doing~~

1 ~~business as motor courts, motels, hotels, inns, or like or similar accommodations'~~
 2 ~~businesses].~~

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

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

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

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

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

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

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

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

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

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

24 **(2) A state-wide transient room tax shall be imposed at a rate of one percent (1%) of the**
 25 **rent for every occupancy of any suite, room, rooms, [or] cabins, lodgings,**
 26 **campsites, or other accommodations charged by any hotel, motel, inn, tourist**
 27 **camp, tourist cabin, campgrounds, recreational vehicle parks, or other place in**

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

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

9 **(3)**~~(2)~~ The tax imposed by subsection (1) of this section shall not apply to rooms,
 10 lodgings, campsites, or accommodations supplied~~[to the rental or lease of any~~
 11 ~~room or set of rooms that is equipped with a kitchen, in an apartment building, and~~
 12 ~~that is usually leased as a dwelling]~~ for a continuous period of thirty (30) days or
 13 more to a person~~[by an individual or business that regularly holds itself out as~~
 14 ~~exclusively providing apartments].~~

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

16 As used in KRS 65.008, 65.009, 65.065 and 65.070, the term "district" shall mean and the
 17 provisions of KRS 65.008, 65.009, 65.065 and 65.070 shall apply to any board,
 18 commission, or special district created pursuant to the following statutes: KRS 39F.020,
 19 39F.160; KRS 65.160, 65.162, 65.210 to 65.300, 65.510 to 65.650; KRS 74.010 to
 20 74.415; KRS 75.010 to 75.260; KRS 76.005 to 76.210, 76.241 to 76.273, 76.274 to
 21 76.279, 76.295 to 76.420, 76.600 to 76.640; KRS 77.005 to 77.305; KRS 80.262 to
 22 80.610; KRS 91A.345 to 91A.394~~[91A.350 to 91A.390]~~; KRS 96A.010 to 96A.230; KRS
 23 104.450 to 104.680; KRS 107.310 to 107.500; KRS 108.010 to 108.070, 108.080 to
 24 108.180; KRS 109.056, 109.059, 109.115 to 109.190; KRS 147.610 to 147.705; KRS
 25 147A.050 to 147A.120; KRS 154.50-301 to 154.50-346; KRS 164.605 to 164.675; KRS
 26 173.450 to 173.650, 173.710 to 173.800; KRS 179.700 to 179.735; KRS 183.132 to
 27 183.160; KRS 184.010 to 184.300; KRS 210.460 to 210.480; KRS 212.720 to 212.755;

1 KRS 216.310 to 216.360; KRS 220.010 to 220.613; KRS 262.100 to 262.660, 262.700 to
2 262.990; KRS 266.010 to 266.990; KRS 267.010 to 267.990; KRS 268.010 to 268.990;
3 or KRS 273.405 to 273.453.

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

- 5 (1) A public-private partnership delivery method may be utilized as provided in this
6 section and administrative regulations promulgated thereunder. State contracts
7 using this method shall be awarded by competitive negotiation.
- 8 (2) A contracting body utilizing a public-private partnership shall continue to be
9 responsible for oversight of any function that is delegated to or otherwise performed
10 by a private partner.
- 11 (3) On or before December 31, 2016, the secretary of the Finance and Administration
12 Cabinet shall promulgate administrative regulations setting forth criteria to be used
13 in determining when a public-private partnership is to be used for a particular
14 project. The administrative regulations shall reflect the intent of the General
15 Assembly to promote and encourage the use of public-private partnerships in the
16 Commonwealth. The secretary shall consult with design-builders, construction
17 managers, contractors, design professionals including engineers and architects, and
18 other appropriate professionals during the development of these administrative
19 regulations.
- 20 (4) A request for proposal for a project utilizing a public-private partnership shall
21 include at a minimum:
- 22 (a) The parameters of the proposed public-private partnership agreement;
 - 23 (b) The duties and responsibilities to be performed by the private partner or
24 partners;
 - 25 (c) The methods of oversight to be employed by the contracting body;
 - 26 (d) The duties and responsibilities that are to be performed by the contracting
27 body and any other partners to the contract;

- 1 (e) The evaluation factors and the relative weight of each to be used in the scoring
2 of awards;
- 3 (f) Plans for financing and operating the qualifying project and the revenues,
4 service payments, bond financings, and appropriations of public funds needed
5 for the qualifying project;
- 6 (g) Comprehensive documentation of the experience, capabilities, capitalization
7 and financial condition, and other relevant qualifications of the private entity;
- 8 (h) The ability of a private partner or partners to quickly respond to the needs
9 presented in the request for proposal, and the importance of economic
10 development opportunities represented by the qualifying project. In evaluating
11 proposals, preference shall be given to a plan that includes the involvement of
12 small businesses as subcontractors, to the extent that small businesses can
13 provide services in a competitive manner, unless any preference interferes
14 with the qualification for federal or other funds; and
- 15 (i) Other information required by the contracting body or the cabinet to evaluate
16 the proposals submitted by respondents and the overall proposed public-
17 private partnership.
- 18 (5) A private entity desiring to be a private partner shall demonstrate to the satisfaction
19 of the contracting body or the cabinet that it is capable of performing any duty,
20 responsibility, or function it may be authorized or directed to perform as part of the
21 public-private partnership agreement.
- 22 (6) When a request for proposal for a project utilizing a public-private partnership is
23 issued for a capital project, the contracting body shall transmit a copy of the request
24 for proposal to the Capital Projects and Bond Oversight Committee staff, clearly
25 identifying to the staff that a public-private partnership is being utilized. The
26 contracting body shall submit the final contract to the Capital Projects and Bond
27 Oversight Committee under KRS 45.763 before work may be begun on the project.

- 1 (7) A request for proposal or other solicitation may be canceled, or all proposals may be
2 rejected, if it is determined in writing that the action is taken in the best interest of
3 the Commonwealth and approved by the purchasing officer.
- 4 (8) (a) Beginning July 1, ~~2024~~~~[2022]~~, in the case of any public-private partnership for
5 a capital project with an aggregate value of twenty-five million dollars
6 (\$25,000,000) or more, the project shall be authorized by the General
7 Assembly, by inclusion in the branch budget bill or by any other means
8 specified by the General Assembly, explicitly identifying and authorizing the
9 utilization of a public-private partnership delivery method for the applicable
10 capital project. The authorization of a capital project required by this
11 subsection is in addition to any other statutorily required authorization for a
12 capital project.
- 13 (b) The provisions of this subsection shall not apply to any public-private
14 partnership project made public through a request for proposal or a public
15 notice of an unsolicited proposal issued prior to July 1, ~~2024~~~~[2022]~~.
- 16 (9) Any corporation as described by KRS 45.750(2)(c), or as created under the
17 Kentucky Revised Statutes as a governmental agency and instrumentality of the
18 Commonwealth, that manages its capital construction program shall:
- 19 (a) Adhere to the administrative regulations promulgated under this section when
20 utilizing a public-private partnership for financing capital projects;
- 21 (b) Report to legislative committees as specified in this section; and
- 22 (c) Submit public-private partnership agreements issued by it to the General
23 Assembly for authorization as provided in subsection (8) of this section.
- 24 (10) (a) The governing body of a postsecondary institution that manages its capital
25 construction program under KRS 164A.580 shall report to the Capital Projects
26 and Bond Oversight Committee staff as specified in this section.
- 27 (b) Any provision of a public-private partnership agreement issued by a

1 postsecondary institution which provides for a lease by or to the
2 postsecondary institution shall be valid and enforceable if approved by the
3 governing board of the institution.

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

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

11 1. Provide specific information regarding the proposed nature, timing, and
12 scope of the unsolicited proposal, except that trade secrets, financial
13 records, or other records of the person or business making the proposal
14 shall not be posted unless otherwise agreed to by the governmental body
15 and the person or business; and

16 2. Provide for a notice period for the submission of competing proposals as
17 follows:

18 a. Unsolicited proposals valued below five million dollars
19 (\$5,000,000) shall be posted for thirty (30) days;

20 b. Unsolicited proposals valued between five million dollars
21 (\$5,000,000) and twenty-five million dollars (\$25,000,000) shall
22 be posted for sixty (60) days; and

23 c. Unsolicited proposals valued over twenty-five million dollars
24 (\$25,000,000) shall be posted for ninety (90) days.

25 (c) Upon the end of the notice period provided under paragraph (b)2. of this
26 subsection, the governmental body may consider the unsolicited proposal and
27 any competing proposals received. If the governmental body determines it is

1 in the best interest of the Commonwealth to implement some or all of the
2 concepts contained within the unsolicited proposal or competing proposals
3 received by it, the governmental body may begin an open, competitive
4 procurement process to do so pursuant to this chapter.

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

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

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

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

19 (2) The department, by representatives it appoints in writing, may take testimony or
20 depositions, and may examine hard copy or electronic records, any person's
21 documents, files, and equipment if those records, documents, or equipment will
22 furnish knowledge concerning any taxpayer's tax liability, when it deems this
23 reasonably necessary to the performance of its functions. The department may
24 enforce this right by application to the Circuit Court in the county where the person
25 is domiciled or has his or her principal office, or by application to the Franklin
26 Circuit Court, which courts may compel compliance with the orders of the
27 department.

- 1 (3) The department shall prescribe the style, and determine and enforce the use or
2 manner of keeping, of all assessment and tax forms and records employed by state
3 and county officials, and may prescribe forms necessary for the administration of
4 any revenue law.
- 5 (4) The department shall advise on all questions respecting the construction of state
6 revenue laws and its application to various classes of taxpayers and property.
- 7 (5) Attorneys employed by the Finance and Administration Cabinet and approved by
8 the Attorney General as provided in KRS 15.020 may prosecute all violations of the
9 criminal and penal laws relating to revenue and taxation. If a Finance and
10 Administration Cabinet attorney undertakes any of the actions prescribed in this
11 subsection, that attorney shall be authorized to exercise all powers and perform all
12 duties in respect to the criminal actions or proceedings which the prosecuting
13 attorney would otherwise perform or exercise, including the authority to sign, file,
14 and present any complaints, affidavits, information, presentments, accusations,
15 indictments, subpoenas, and processes of any kind, and to appear before all grand
16 juries, courts, or tribunals.
- 17 (6) In the event of the incapacity of attorneys employed by the Finance and
18 Administration Cabinet or at the request of the secretary of the Finance and
19 Administration Cabinet, the Attorney General or his or her designee shall prosecute
20 all violations of the criminal and penal laws relating to revenue and taxation. If the
21 Attorney General undertakes any of the actions prescribed in this subsection, he or
22 she shall be authorized to exercise all powers and perform all duties in respect to the
23 criminal actions or proceedings which the prosecuting attorney would otherwise
24 perform or exercise, including but not limited to the authority to sign, file, and
25 present any and all complaints, affidavits, information, presentments, accusations,
26 indictments, subpoenas, and processes of any kind, and to appear before all grand
27 juries, courts, or tribunals.

- 1 (7) The department may require the Commonwealth's attorneys and county attorneys to
2 prosecute actions and proceedings and perform other services incident to the
3 enforcement of laws assigned to the department for administration.
- 4 (8) Notwithstanding KRS Chapter 13A, the department may research the fields of
5 taxation, finance, and local government administration, publish its findings, respond
6 to the public's and taxpayers' questions, and publish its responses, as the
7 commissioner may deem wise. To assist taxpayers and the public in understanding
8 and interpreting the tax laws, the department may include examples as part of any
9 response or publication. The examples may include demonstrative, nonexclusive
10 lists of items, if the department determines that the list would be helpful to
11 taxpayers in understanding the application of the tax laws.
- 12 (9) The department may promulgate administrative regulations necessary to establish a
13 system of taxpayer identifying numbers for the purpose of securing proper
14 identification of taxpayers subject to any tax laws or other revenue measure of this
15 state, and may require the taxpayer to place on any return, report, statement, or other
16 document required to be filed, any number assigned pursuant to the administrative
17 regulations.
- 18 (10) The department may, when it is in the best interest of the Commonwealth and
19 helpful to the efficient and effective enforcement, administration, or collection of
20 sales and use tax, motor fuels tax, or the petroleum environmental assurance fee,
21 enter into agreements with out-of-state retailers or other persons for the collection
22 and remittance of sales and use tax, the motor fuels tax, or the petroleum
23 environmental assurance fee.
- 24 (11) The department may enter into annual memoranda of agreement with any state
25 agency, officer, board, commission, corporation, institution, cabinet, department, or
26 other state organization to assume the collection duties for any debts due the state
27 entity, **except for consumer debt owed for health care goods and services**, and may

1 renew that agreement for up to five (5) years. Under such an agreement, the
 2 department shall have all the powers, rights, duties, and authority with respect to the
 3 collection, refund, and administration of those liquidated debts as provided under:

- 4 (a) KRS Chapters 131, 134, and 135 for the collection, refund, and administration
 5 of delinquent taxes; and
 6 (b) Any applicable statutory provisions governing the state agency, officer, board,
 7 commission, corporation, institution, cabinet, department, or other state
 8 organization for the collection, refund, and administration of any liquidated
 9 debts due the state entity.

10 (12) Notwithstanding subsection (11) of this section, KRS 45.237, 45.238, 45.241, or
 11 131.030, or any agreement to the contrary, the department shall not collect or
 12 continue collection duties of any consumer debts owed for health care goods and
 13 services. For the purpose of this section, "consumer debt" shall be defined as a
 14 debt incurred by an individual, as defined in KRS 141.010, for a personal or
 15 family purpose, regardless of whether an obligation has been reduced to
 16 judgment.

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

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

23 (1) As used in this section:

24 (a) "Department" means the Kentucky Department of Revenue;

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

- 1 (c) "Electric vehicle power" means electrical energy distributed into the battery
2 or other energy storage device of an electric vehicle to be used to power the
3 vehicle;
- 4 (d) "Electric vehicle power dealer" means a person who owns or leases an
5 electric vehicle charging station;
- 6 (e) "Electric vehicle" has the same meaning as in Section 31 of this Act;
- 7 (f) "Electric vehicle charging station" or "charging station" means any place
8 accessible to general public vehicular traffic where electric power may be
9 used to charge a battery or other storage device of a licensed electric
10 vehicle; and
- 11 (g) "Person" has the same meaning as in Section 2 of this Act.
- 12 (2) On or after January 1, 2023, an excise tax with an initial base rate of three cents
13 (\$0.03) per kilowatt hour is imposed on electric vehicle power distributed in this
14 state by an electric vehicle power dealer for the purpose of charging electric
15 vehicles in this state.
- 16 (3) This tax shall be administered by the department.
- 17 (4) The tax shall be added to the selling price charged by the electric vehicle power
18 dealer at the charging station on electric vehicle power sold in this state.
- 19 (5) The tax imposed shall be paid by the electric vehicle power dealer to the State
20 Treasurer. The electric vehicle power dealer is liable for the electric vehicle power
21 tax.
- 22 (6) The tax collected under this section shall be transferred to the road fund, as
23 defined in KRS 48.010.
- 24 (7) Every electric vehicle power dealer shall, by the twenty-fifth day of each month,
25 transmit to the department reports on the forms the department may prescribe,
26 the total kilowatt hours distributed and the amount of tax collected. Payment of
27 the tax shall be due with the report.

- 1 (8) The electric vehicle power dealer shall keep and preserve an accurate record of
2 all receipts of electricity and tax together with invoices or other pertinent records
3 and papers required by the department for five (5) years.
- 4 (9) No dealer or other person shall fail or refuse to make the returns and pay the tax
5 prescribed by this section, or refuse to permit the department or its representatives
6 appointed by the commissioner of the department in writing to examine his or her
7 records, papers, files, and equipment pertaining to the taxable business. No
8 person shall make an incomplete, false, or fraudulent return, or do or attempt to
9 do anything to avoid a full disclosure of the amount of business done or to avoid
10 the payment of the whole or any part of the tax or penalties due. No person shall
11 fail to keep and preserve records of electric vehicle power distributed to make
12 reports as required by this section.
- 13 (10) Any person who violates any provision of this section shall be subject to the
14 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax
15 interest rate as defined in KRS 131.010(6).
- 16 (11) Notwithstanding any other provisions of this chapter to the contrary, the
17 president, vice president, secretary, treasurer, or any other person holding any
18 equivalent corporate office of any corporation subject to the provisions of this
19 chapter shall be personally and individually liable, both jointly and severally, for
20 the taxes imposed under this chapter, and neither the corporate dissolution nor
21 withdrawal of the corporation from the state nor the cessation of holding any
22 corporate office shall discharge the foregoing liability of any person. The
23 personal and individual liability shall apply to each and every person holding the
24 corporate office at the time the taxes become or became due. No person will be
25 personally and individually liable pursuant to this section who had no authority
26 in the management of the business or financial affairs of the corporation at the
27 time that the taxes imposed by this chapter become or became due. Taxes as used

1 in this section shall include interest accrued at the rate provided by KRS 139.650
2 and all applicable penalties imposed under this chapter and all applicable
3 penalties and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.
4 (12) Notwithstanding any other provisions of this chapter, KRS 275.150, 362.1-306(3)
5 or predecessor law, or 362.2-404(3) to the contrary, the managers of a limited
6 liability company, the partners of a limited liability partnership, and the general
7 partners of a limited liability limited partnership or any other person holding any
8 equivalent office of a limited liability company, limited liability partnership, or
9 limited liability limited partnership subject to the provisions of this chapter shall
10 be personally and individually liable, both jointly and severally, for the taxes
11 imposed under this chapter. Dissolution, withdrawal of the limited liability
12 company, limited liability partnership, or limited liability limited partnership
13 from the state, or the cessation of holding any office shall not discharge the
14 liability of any person. The personal and individual liability shall apply to each
15 and every manager of a limited liability company, partner of a limited liability
16 partnership, and general partner of a limited liability limited partnership at the
17 time the taxes become or became due. No person shall be personally and
18 individually liable under this subsection who had no authority to collect,
19 truthfully account for, or pay over any tax imposed by this chapter at the time
20 that the taxes imposed by this chapter become or became due. Taxes as used in
21 this section shall include interest accrued at the rate provided by KRS 131.183, all
22 applicable penalties imposed under this chapter, and all applicable penalties and
23 fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.
24 (13) The department may prescribe forms and promulgate administrative regulations
25 to execute and administer the provisions of this section.

26 ➔Section 30. KRS 186.050 is amended to read as follows:

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

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

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

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

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

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

1	38,001-44,000	474.00
2	44,001-55,000	669.00
3	55,001-62,000	1,007.00
4	62,001-73,280	1,250.00
5	73,281-80,000	1,410.00

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

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

1 supplies necessary for his farming operation and the products grown on
2 his farm.

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

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

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

1 bus and on the rear door the words "School Bus" in letters at least six (6) inches
2 high, and of a conspicuous color, and the truck or bus will be used during the next
3 twelve (12) months only for the purpose stated.

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

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

25 (8) Motor vehicles having a declared gross weight in excess of eighteen thousand
26 (18,000) pounds, which when operated in this state are used exclusively for the
27 transportation of property within the limits of the city named in the affidavit

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

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

1 not more than thirty (30) air miles from the point at which such concrete blocks or
2 ready-mixed concrete is produced shall not be required to pay the fee as set out in
3 subsection (3) of this section, and in lieu thereof, shall pay seventy-five percent
4 (75%) of the fee set out in subsection (3) of this section and shall be exempt from
5 any fee charged under the provisions of KRS 281.752. The applicant's signature
6 upon the certificate of registration and ownership shall constitute a certification that
7 the motor vehicle will not be used during the current registration period in any
8 manner other than that for which the reduced fee is provided in this section.

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

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

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

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

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

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

1 and payment of the required fees, the department may issue an apportioned
2 registration plate to the commercial vehicle. The department shall promulgate
3 administrative regulations in accordance with this section.

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

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

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

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

27 **(16) In addition to the fees outlined in this section, the county clerk shall collect from**

1 *the registrants of electric vehicles and hybrid vehicles the battery reclamation and*
 2 *mitigation fees established in Section 31 of this Act.*

3 ➔SECTION 31. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
 4 READ AS FOLLOWS:

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

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

8 *1. An electric motor only; or*

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

10 *and*

11 *(b) "Hybrid vehicle" means any vehicle that does not have plug-in charging*
 12 *capability and is powered by a combination of an internal combustion*
 13 *engine and an electric motor.*

14 *(2) At the time of initial registration, and each year upon annual vehicle registration*
 15 *renewal, the county clerk shall collect, as required under Section 30 of this Act,*
 16 *from the registrants of electric vehicles and hybrid vehicles the battery*
 17 *reclamation and mitigation fees established under subsection (3) of this section.*

18 *(3) The battery reclamation and mitigation fee shall be:*

19 *(a) One hundred forty dollars (\$140) for electric vehicles; and*

20 *(b) Seventy dollars (\$70) for hybrid vehicles.*

21 *(4) All battery reclamation and mitigation fees collected under this section shall be*
 22 *transferred to the general fund.*

23 ➔Section 32. 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 33. 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 34. 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 35. 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 36. 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 37. 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 38. 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 39. 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 40. Sections 2 to 13 and 29 to 31 of this Act take effect on January 1,
27 2023.

1 ➔Section 41. Sections 14 to 26 of this Act take effect on August 1, 2022.

2 ➔Section 42. Sections 32 to 39 of this Act apply to the fiscal year beginning July
3 1, 2022, and ending June 30, 2023, and the fiscal year beginning July 1, 2023, and ending
4 June 30, 2024, and shall expire at the end of June 30, 2024.

5 ➔Section 43. If any provision of this Act or the application thereof to any person
6 or circumstance is held invalid, the invalidity shall not affect other provisions or
7 applications of this Act that can be given effect without the invalid provision or
8 application, and to this end the provisions of this Act are severable.