

1 AN ACT relating to revenue.

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

3 ➔Section 1. KRS 224.60-130 is amended to read as follows:

4 (1) The Energy and Environment Cabinet, Department for Environmental Protection,
5 Division of Waste Management, shall:

6 (a) Establish by administrative regulation the policy, guidelines, and procedures
7 to administer the financial responsibility and petroleum storage tank accounts
8 of the petroleum storage tank environmental assurance fund. In adopting
9 administrative regulations to carry out this section, the division may
10 distinguish between types, classes, and ages of petroleum storage tanks. The
11 division may establish a range of amounts to be paid from the fund, or may
12 base payments on methods such as pay for performance, task order, or firm
13 fixed pricing, which are designed to provide incentives for contractors to more
14 tightly control corrective action costs, and shall establish criteria to be met by
15 persons who contract to perform corrective action to be eligible for
16 reimbursement from the fund. The criteria may include the certification of
17 individuals, partnerships, and companies. Criteria shall be established to
18 certify laboratories that contract to perform analytical testing related to the
19 underground storage tank program. Owners and operators shall have all
20 required analytical testing performed by a certified laboratory to be eligible
21 for fund participation. Persons who contract with petroleum storage tank
22 owners or operators shall not be paid more than the amount authorized by the
23 division for reimbursement from the fund for the performance of corrective
24 action. At a minimum, the division shall promulgate administrative
25 regulations ***in accordance with KRS Chapter 13A*** that will ***ensure***~~insure~~ an
26 unobligated balance in the fund adequate to meet financial assurance
27 requirements and corrective action requirements of KRS 224.60-135(2) and

- 1 (4). If the unobligated balance in the fund is not adequate to meet the
2 requirements of this paragraph, the division shall obligate funds necessary to
3 meet these requirements;
- 4 (b) Establish by administrative regulation the criteria to be met to be eligible to
5 participate in the financial responsibility and petroleum storage tank accounts
6 and to receive reimbursement from these accounts. The division may establish
7 eligibility criteria for the petroleum storage tank account based upon the
8 financial ability of the petroleum storage tank owner or operator. Owners or
9 operators seeking coverage under the petroleum storage tank account shall file
10 for eligibility and for financial assistance with the division. To ensure cost
11 effectiveness, the division shall promulgate administrative regulations *in*
12 *accordance with KRS Chapter 13A* specifying the circumstances under which
13 prior approval of corrective action costs shall be required for those costs to be
14 eligible for reimbursement from the fund. In promulgating administrative
15 regulations to carry out this section, the division may distinguish between
16 types, classes, and ages of petroleum storage tanks and the degree of
17 compliance of the facility with any administrative regulations of the cabinet
18 promulgated pursuant to KRS 224.60-105 or applicable federal regulations;
- 19 (c) Establish a financial responsibility account within the fund which may be
20 used by petroleum storage tank owners and operators to demonstrate financial
21 responsibility as required by administrative regulations of the cabinet or the
22 federal regulations applicable to petroleum storage tanks, consistent with the
23 intent of the General Assembly as set forth in KRS 224.60-120(5). The
24 account shall receive four-tenths of one cent (\$0.004) from the one and four-
25 tenths cent (\$0.014) paid on each gallon of gasoline and special fuels received
26 in this state pursuant to KRS 224.60-145. To be eligible to use this account to
27 demonstrate compliance with financial responsibility requirements of the

- 1 cabinet or federal regulations, or to receive reimbursement from this account
2 for taking corrective action and for compensating third parties for bodily
3 injury and property damage, the petroleum storage tank owner or operator
4 shall meet the eligibility requirements established by administrative regulation
5 promulgated by the division;
- 6 (d) Establish a small operator assistance account within the fund which may be
7 used by the division to make or participate in the making of loans, to purchase
8 or participate in the purchase of the loans, which purchase may be from
9 eligible lenders, or to insure loans made by eligible lenders;
- 10 (e) Establish a petroleum storage tank account within the fund to be used to pay
11 the costs of corrective action due to a release from a petroleum storage tank
12 not eligible for reimbursement from the financial responsibility account.
13 Reimbursements of corrective action projects performed under the petroleum
14 storage tank account shall be carried out on or before July 15, ~~2034~~²⁰²⁸.
15 Any corrective action costs incurred after this date shall not be eligible for
16 reimbursement under the petroleum storage tank account. The account shall
17 receive one cent (\$0.01) from the one and four-tenths cent (\$0.014) paid on
18 each gallon of gasoline and special fuels received in this state pursuant to
19 KRS 224.60-145. This account shall not be used to compensate third parties
20 for bodily injury and property damage. Within three (3) months after July 15,
21 2004, the division shall develop a plan to address the payment of claims and
22 completion of corrective action at facilities eligible for reimbursement from
23 this account. The division shall establish a ranking system to be used for the
24 distribution of amounts from this account for the purpose of corrective action.
25 In promulgating administrative regulations to carry out this section, the
26 division shall consider the financial ability of the petroleum storage tank
27 owner or operator to perform corrective action and the extent of damage

- 1 caused by a release into the environment from a petroleum storage tank;
- 2 (f) Hear complaints brought before the division regarding the payment of claims
- 3 from the fund in accordance with KRS 224.10-410 to 224.10-470;
- 4 (g) Establish and maintain necessary offices within this state, appoint employees
- 5 and agents as necessary, and prescribe their duties and compensation;
- 6 (h) Employ, in accordance with the procedures found in KRS 45A.690 to
- 7 45A.725 for awarding personal service contracts, a qualified actuary to
- 8 perform actuarial studies, as directed by the division, for determining an
- 9 appropriate reserve in the financial responsibility account and the petroleum
- 10 storage tank account sufficient to satisfy the obligations in each account for all
- 11 eligible facilities and to satisfy future liabilities and expenses necessary to
- 12 operate each account. The division shall, by administrative regulation, set the
- 13 entry level for participation in the fund;
- 14 (i) Authorize expenditures from the fund to carry out the purpose of KRS
- 15 224.60-105 to 224.60-160, including reasonable costs of administering the
- 16 fund, the procurement of legal services, and the procurement of analytical
- 17 testing services when necessary to confirm the accuracy of analytical testing
- 18 results obtained by a petroleum storage tank owner or operator. The
- 19 expenditures shall be paid from the appropriate account;
- 20 (j) Establish a small operators' tank removal account within the fund to reimburse
- 21 the reasonable cost of tank system removal for small owners and operators.
- 22 The account shall not be used when an owner or operator is removing the tank
- 23 with the intention of replacing or upgrading the tank. In promulgating
- 24 administrative regulations to carry out this paragraph, the division may
- 25 distinguish among owners and operators based on income and types and
- 26 classes of tanks. The division shall not place a limit on the number of tanks
- 27 that an owner or operator has in order to be eligible to participate in the

- 1 program and receive reimbursement under this paragraph;
- 2 (k) Establish by administrative regulation the policy, guidelines, and procedures
3 to perform financial audits of any petroleum storage tank owner or operator
4 receiving reimbursement from the fund or any entity contracting or
5 subcontracting to provide corrective action services for facilities eligible for
6 fund reimbursement. Financial audits shall be limited to those files, records,
7 computer records, receipts, and other documents related to corrective action
8 performed at a facility where the costs of corrective action have been
9 reimbursed by the fund. Files, records, computer records, receipts, and other
10 documents related to corrective action reimbursed by the fund shall be subject
11 to a financial audit for a period of three (3) years after the date of final
12 reimbursement from the fund. Results of the audits shall be protected from
13 disclosure as allowed by KRS 61.878(1)(c). Financial auditing services may
14 be contracted for or personnel may be employed as needed to implement the
15 requirements of this paragraph;
- 16 (l) Be authorized to enter and inspect any facility intending to seek
17 reimbursement for the cost of corrective action to determine the
18 reasonableness and necessity of the cost of corrective action. The division
19 may collect soil or water samples or require storage tank owners or operators
20 to split samples with the division for analytical testing. Refusal to allow entry
21 and inspection of a facility or refusal to allow the division to collect or split
22 samples shall make the facility ineligible for fund participation;
- 23 (m) Have inspectors on site at all tank system removals. Failure to comply with
24 this provision shall make the facility ineligible for fund participation. A
25 petroleum storage tank owner or operator may request through certified mail
26 that the division schedule an inspector to be present at an upcoming tank
27 removal. If the request is made at least two (2) weeks before the time for the

1 removal and an inspector fails to be present at the time scheduled, the tank
2 removal may proceed without making the facility ineligible for fund
3 participation unless the owner is notified by the division no later than ten (10)
4 days prior to the proposed date that an inspector is not available on the
5 proposed date, in which event a representative of the division shall contact the
6 operator and schedule a new date. If no inspector is present at the rescheduled
7 date, the removal may then proceed without penalty; and

8 (n) Establish that the deadline for submission of final reimbursement requests
9 under the petroleum storage tank account is two (2) years after receipt of a no
10 further action letter.

11 (2) The division may advise the cabinet on the promulgation of administrative
12 regulations concerning petroleum storage tanks.

13 (3) The division may sue and be sued in its own name.

14 (4) The division may transfer funds from the petroleum storage tank account to the
15 small operator tank removal account as needed to satisfy the obligations, future
16 liabilities, and expenses necessary to operate that account. The division may
17 transfer funds to the financial responsibility account as needed to maintain within
18 that account sufficient funds to demonstrate financial responsibility and to ensure
19 payment of claims as provided in subsection (1)(c) of this section.

20 ➔Section 2. KRS 224.60-142 is amended to read as follows:

21 (1) To be eligible to participate in the fund, the owner of any petroleum storage tank
22 containing motor fuels installed and placed in operation after July 15, 2004, shall
23 register the petroleum storage tank with the cabinet as required by KRS 224.60-105
24 prior to applying for participation in the financial responsibility account.

25 (2) The owner of any petroleum storage tank containing motor fuels currently existing,
26 or removed from the ground after January 1, 1974, shall register the petroleum
27 storage tank containing motor fuels with the cabinet prior to applying to the fund,

1 and shall register the petroleum storage tank containing motor fuels by July 15,
2 ~~2031~~[2025]. Owners or operators may submit affidavits and applications relevant to
3 current petroleum storage tank accounts through July 15, ~~2031~~[2025].

4 ➔Section 3. KRS 224.60-145 is amended to read as follows:

- 5 (1) Except as provided in subsection (2) of this section, there is established a petroleum
6 environmental assurance fee to be paid by dealers on each gallon of gasoline and
7 special fuels received in this state.
- 8 (2) All deductions detailed in KRS 138.240(2) and all credits detailed in KRS 138.358
9 are exempt from the fee. If a dealer has on file, pursuant to KRS Chapter 138, a
10 statement supporting a claimed exemption, an additional statement shall not be
11 required for claiming exemption from the fee.
- 12 (3) The fee shall be reported and paid to the Department of Revenue at the same time
13 and in the same manner as is required for the reporting and payment of the gasoline
14 and special fuels taxes as provided by law.
- 15 (4) The petroleum environmental assurance fee shall be set at one and four-tenths cent
16 (\$0.014) for each gallon. Four-tenths of a cent (\$0.004) per gallon shall be
17 deposited in the financial responsibility account and one cent (\$0.01) shall be
18 deposited in the petroleum storage tank account.
- 19 (5) Within thirty (30) days of the close of fiscal year 2001-2002 and each fiscal year
20 thereafter, the state budget director shall review the balance of each account to
21 determine if a surplus exists. "Surplus" means funds in excess of the amounts
22 necessary to satisfy the obligations in each account for all eligible facilities, to
23 satisfy future liabilities and expenses necessary to operate each account, and to
24 maintain an appropriate reserve in the financial responsibility account to
25 demonstrate financial responsibility and compensate for third-party claims. The
26 state budget director shall report the determination to the Interim Joint Committee
27 on Appropriations and Revenue. After a determination that a surplus exists, the

1 surplus shall be transferred to a restricted account and retained until appropriated by
2 the General Assembly.

3 (6) All provisions of law related to the Department of Revenue's administration and
4 enforcement of the gasoline and special fuels tax and all other powers generally
5 conveyed to the Department of Revenue by the Kentucky Revised Statutes for the
6 assessment and collection of taxes shall apply with regard to the fee levied by KRS
7 224.60-105 to 224.60-160.

8 (7) The Department of Revenue shall refund the fee imposed by KRS 224.60-145(1) to
9 any person who paid the fee provided they are entitled to a refund of motor fuel tax
10 under KRS 138.344 to KRS 138.355 and to any person who paid the fee on
11 transactions exempted under KRS 224.60-145(2).

12 (8) Notwithstanding any other provisions of KRS 65.180, 65.182, 68.600 to 68.606,
13 139.470, 183.165, 224.60-115, 224.60-130, 224.60-137, 224.60-140, 224.60-142,
14 and this section to the contrary, the small operator assistance account and small
15 operator tank removal account established under KRS 224.60-130 shall continue in
16 effect until July 15, 2031~~[2025]~~, and thereafter until all eligible claims related to
17 tanks registered by that date are resolved, and sufficient money shall be allocated to
18 and maintained in that account to assure prompt payment of all eligible claims, and
19 to provide for removal of tanks for eligible owners and operators as directed by this
20 chapter.

21 ➔Section 4. KRS 224.50-868 is amended to read as follows:

22 (1) As used in this section:

23 (a) "Motor vehicle" means every vehicle intended primarily for use and operation
24 on the public highways that is self-propelled, including a low-speed motor
25 vehicle as defined in KRS 186.010;

26 (b) "Semitrailer" means any vehicle:

27 1. Designed:

- 1 a. As temporary living quarters for recreation, camping, or travel; or
- 2 b. For carrying persons or property;
- 3 2. Designed for being drawn by a motor vehicle; and
- 4 3. Constructed that:
 - 5 a. Some part of its weight; or
 - 6 b. Some part of its load;
 - 7 rests upon or is carried by another vehicle; and

8 (c) "Trailer" means any vehicle:

- 9 1. Designed:
 - 10 a. As temporary living quarters for recreation, camping, or travel; or
 - 11 b. For carrying persons or property;
 - 12 2. Designed for being drawn by a motor vehicle; and
 - 13 3. Constructed that:
 - 14 a. No part of its weight; and
 - 15 b. No part of its load;
 - 16 rests upon or is carried by another vehicle.

- 17 (2) (a) 1. Prior to July 1, 2018, a person purchasing a new motor vehicle tire in
- 18 Kentucky shall pay to the retailer a one dollar (\$1) fee at the time of the
- 19 purchase of that tire. The fee shall not be subject to the Kentucky sales
- 20 tax.
- 21 2. Beginning July 1, 2018, but prior to July 1, 2020, a fee is hereby
- 22 imposed upon a retailer at the rate of two dollars (\$2) for each new
- 23 motor vehicle tire sold in Kentucky. The fee shall be subject to the
- 24 Kentucky sales tax.
- 25 3. Beginning July 1, 2020, but prior to July 1, ~~2026~~²⁰²⁴, a fee is hereby
- 26 imposed upon a retailer at the rate of two dollars (\$2) for each new
- 27 motor vehicle, trailer, or semitrailer tire sold in Kentucky. The fee shall

- 1 be subject to the Kentucky sales tax.
- 2 4. A retailer may pass the fee imposed by this paragraph on to the
- 3 purchaser of the new tire.
- 4 (b) 1. A new tire is a tire that has never been placed on a motor vehicle, trailer,
- 5 or semitrailer wheel rim.
- 6 2. A new tire is not a tire placed on a motor vehicle, trailer, or semitrailer
- 7 prior to its original retail sale or a recapped tire.
- 8 (3) When a retailer sells a new motor vehicle tire in Kentucky to replace another tire,
- 9 the tire that is replaced becomes a waste tire subject to the waste tire program. The
- 10 retailer shall encourage the purchaser of the new tire to leave the waste tire with the
- 11 retailer or meet the following requirements:
- 12 (a) Dispose of the waste tire in accordance with KRS 224.50-856(1);
- 13 (b) Deliver the waste tire to a person registered in accordance with the waste tire
- 14 program; or
- 15 (c) Reuse the waste tire for its original intended purpose or an agricultural
- 16 purpose.
- 17 (4) (a) A retailer shall report to the Department of Revenue on or before the
- 18 twentieth day of each month the number of new motor vehicle tires sold
- 19 during the preceding month and the number of waste tires received from
- 20 customers that month.
- 21 (b) The report shall be filed on forms and contain information as the Department
- 22 of Revenue may require.
- 23 (c) The retailer shall be allowed to retain an amount equal to five percent (5%) of
- 24 the fees due, provided the amount due is not delinquent at the time of
- 25 payment.
- 26 (5) A retailer shall:
- 27 (a) Accept from the purchaser of a new tire, if offered, for each new motor

- 1 vehicle tire sold, a waste tire of similar size and type; and
- 2 (b) Post notice at the place where retail sales are made that state law requires:
- 3 1. The retailer to accept, if offered, a waste tire for each new motor vehicle
- 4 tire sold and that a person purchasing a new motor vehicle tire to replace
- 5 another tire shall comply with subsection (3) of this section; and
- 6 2. The two dollar (\$2) new tire fee is used by the state to oversee the
- 7 management of waste tires, including cleaning up abandoned waste tire
- 8 piles and preventing illegal dumping of waste tires.
- 9 (6) A retailer shall comply with the requirements of the recordkeeping system for waste
- 10 tires established by KRS 224.50-874.
- 11 (7) A retailer shall transfer waste tires only to a person who presents a letter from the
- 12 cabinet approving the registration issued under KRS 224.50-858 or a copy of a solid
- 13 waste disposal facility permit issued by the cabinet, unless the retailer is delivering
- 14 the waste tires to a destination outside Kentucky and the waste tires will remain in
- 15 the retailer's possession until they reach that destination.
- 16 (8) The cabinet shall, in conjunction with the Waste Tire Working Group, develop the
- 17 informational fact sheet to be made publicly available on the cabinet's ~~website~~ ~~Web~~
- 18 ~~site~~ and available in print upon request. The fact sheet shall identify ways to
- 19 properly dispose of the waste tire and present information on the problems caused
- 20 by improper waste tire disposal.

21 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO

22 READ AS FOLLOWS:

- 23 **(1) The department shall submit an annual report to the Legislative Research**
- 24 **Commission and the Interim Joint Committee on Appropriations and Revenue on**
- 25 **October 1, 2024, and October 1 of each year thereafter.**
- 26 **(2) The report required by subsection (1) of this section shall:**
- 27 **(a) Summarize each tax law change enacted during:**

1 1. The immediately preceding Regular Session of the General Assembly;

2 or

3 2. Any Extraordinary Session of the General Assembly held since the last
4 report was submitted;

5 (b) Be organized by bill number, including any resolutions impacting the tax
6 laws; and

7 (c) Outline actions taken, or to be taken, by the department to implement each
8 tax law change, including any:

9 1. Required modification to information technology systems and the
10 estimated cost of that modification;

11 2. Development of new or modification to existing forms for submission
12 by taxpayers;

13 3. Taxpayer education efforts deployed or to be deployed in response to
14 the tax law changes;

15 4. Administrative regulations filed or to be filed;

16 5. Shifting of personnel to perform the actions; and

17 6. Suggestions to the Interim Joint Committee on Appropriations and
18 Revenue for related statutory corrections or improvements.

19 ➔Section 6. KRS 138.510 is amended to read as follows:

20 (1) (a) Before August 1, 2022, except as provided in paragraph (e) of this subsection
21 and subsection (3) of this section, an excise tax is imposed on all tracks
22 conducting pari-mutuel wagering on live racing under the jurisdiction of the
23 commission as follows:

24 1. For each track with a daily average live handle of one million two
25 hundred thousand dollars (\$1,200,000) or above, the tax shall be in the
26 amount of three and one-half percent (3.5%) of all money wagered on
27 live races at the track during the fiscal year; and

- 1 2. For each track with a daily average live handle under one million two
2 hundred thousand dollars (\$1,200,000), the tax shall be one and one-half
3 percent (1.5%) of all money wagered on live races at the track during
4 the fiscal year.
- 5 (b) Beginning August 1, 2022, the excise tax imposed on all tracks conducting
6 pari-mutuel wagering on live racing under jurisdiction of the commission
7 shall be one and one-half percent (1.5%) of all money wagered on live races
8 at the track during the fiscal year.
- 9 (c) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting
10 pari-mutuel wagering on historical horse races under the jurisdiction of the
11 commission at a rate of one and one-half percent (1.5%) of all money wagered
12 on historical horse races at the track during the fiscal year.
- 13 (d) Money shall be deducted from the tax paid under paragraphs (a), (b), and (c)
14 of this subsection and deposited as follows:
- 15 1. a. Before August 1, 2022, an amount equal to three-quarters of one
16 percent (0.75%) of all money wagered on live races and historical
17 horse races at the track for Thoroughbred racing shall be deposited
18 in the Thoroughbred development fund established in KRS
19 230.400; and
- 20 b. Beginning August 1, 2022, an amount equal to three-quarters of
21 one percent (0.75%) of all money wagered on live races and
22 historical horse races at the track for Thoroughbred racing shall be
23 deposited in the Thoroughbred development fund established in
24 KRS 230.400 until forty-five million dollars (\$45,000,000) has
25 been deposited during a fiscal year, at which point the amount
26 deposited in the fund shall decrease to four-tenths of one percent
27 (0.4%) of all money wagered on live and historical horse races at

1 the track for Thoroughbred racing for the remainder of the fiscal
2 year;

3 2. a. Before August 1, 2022, an amount equal to one percent (1%) of all
4 money wagered on live races and historical horse races at the track
5 for harness racing shall be deposited in the Kentucky standardbred
6 development fund established in KRS 230.770. Beginning August
7 1, 2022, an amount equal to one percent (1%) of all money
8 wagered on live races at the track for harness racing shall be
9 deposited in the Kentucky standardbred development fund until a
10 total of twenty million dollars (\$20,000,000) has been deposited
11 during a fiscal year from this subparagraph, at which point the
12 amount deposited shall decrease to four-tenths of one percent
13 (0.4%) of all money wagered for the remainder of the fiscal year;
14 and

15 b. Beginning August 1, 2022, an amount equal to one percent (1%)
16 of all money wagered on historical horse races at the track for
17 harness racing shall be distributed in the exact amounts based
18 upon contracts between the parties that have been filed with the
19 commission, but at least one-half (1/2) of the funds shall be
20 deposited into the Kentucky standardbred development fund
21 established in KRS 230.770 until a total of twenty million dollars
22 (\$20,000,000) has been deposited into the Kentucky standardbred
23 development fund during a fiscal year from this subparagraph, at
24 which point the amount deposited in this subdivision shall
25 decrease to four-tenths of one percent (0.4%) of all money
26 wagered for the remainder of the fiscal year. The commission shall
27 provide the department all information necessary from the

1 contracts in order for the funds in this subparagraph to be
2 distributed;

- 3 3. An amount equal to one percent (1%) of all money wagered on live
4 races and historical horse races at the track for quarter horse, paint
5 horse, Appaloosa, and Arabian horse racing shall be deposited in the
6 Kentucky quarter horse, paint horse, Appaloosa, and Arabian
7 development fund established by KRS 230.445;
- 8 4. An amount equal to two-tenths of one percent (0.2%) of all money
9 wagered on live races and historical horse races at the track shall be paid
10 out in equal amounts as follows:
- 11 a. To the equine industry program trust and revolving fund
12 established by KRS 230.550 to support the Equine Industry
13 Program at the University of Louisville, except that the amount
14 deposited from money wagered on historical horse races in any
15 fiscal year shall not exceed eight hundred fifty thousand dollars
16 (\$850,000);
- 17 b. To the University of Kentucky for equine industry programs at the
18 university, except that the amount paid from money wagered on
19 historical horse races in any fiscal year shall not exceed four
20 hundred thousand dollars (\$400,000);
- 21 c. To the Bluegrass Community and Technical College for the
22 provision of equine industry programs by the system, except that
23 the amount paid from money wagered on historical horse races in
24 any fiscal year shall not exceed two hundred fifty thousand dollars
25 (\$250,000);
- 26 d. Amounts remaining from money wagered on historical horse races
27 in a fiscal year after payments are made in accordance with

1 subdivisions a., b., and c. of this subparagraph shall be distributed
2 in equal amounts to:

3 i. *The Kentucky Horse Racing Commission for the benefit of*
4 *Thoroughbred, standardbred, and American quarter horse*
5 *aftercare facilities in Kentucky, in an amount not to exceed*
6 *two hundred fifty thousand dollars (\$250,000). The*
7 *Kentucky Horse Racing Commission shall serve as the*
8 *administrative agent for these funds, and shall distribute*
9 *them annually to organizations engaged in the*
10 *accreditation and monitoring of aftercare facilities. Any*
11 *funds distributed under this subpart by the Kentucky Horse*
12 *Racing Commission shall be awarded to aftercare facilities*
13 *based in Kentucky only after the facilities have achieved*
14 *and maintained levels of service and operation that resulted*
15 *in national accreditation; and*

16 ii. *The Kentucky equine management internship program for*
17 *equine management training, in an amount not to exceed*
18 *two hundred fifty thousand dollars (\$250,000);* ~~The~~
19 ~~Kentucky Thoroughbred breeders incentive fund established~~
20 ~~in KRS 230.800, in an amount not to exceed four hundred~~
21 ~~thousand dollars (\$400,000); and~~

22 ~~ii. The Kentucky standardbred breeders incentive fund~~
23 ~~established in KRS 230.802, in an amount not to exceed one~~
24 ~~hundred thousand dollars (\$100,000);~~ and

25 e. Any amounts remaining from money wagered on historical horse
26 races in a fiscal year after payments are made in accordance with
27 subdivisions a., b., c., and d. of this subparagraph shall be paid to

- 1 the general fund;
- 2 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
3 wagered on live races and historical horse races at the track shall
4 be deposited in a trust and revolving fund to be used for the
5 construction, expansion, or renovation of facilities or the purchase
6 of equipment for equine programs at state universities and the
7 Kentucky Community and Technical College System institutions,
8 except that the amount deposited from money wagered on
9 historical horse races in any fiscal year shall not exceed three
10 hundred twenty thousand dollars (\$320,000).
- 11 b. These funds shall not be used for salaries or for operating funds
12 for teaching, research, or administration. Funds allocated under
13 this subparagraph shall not replace other funds for capital purposes
14 or operation of equine programs at state universities and the
15 Kentucky Community and Technical College System institutions.
- 16 c. The Kentucky Council on Postsecondary Education shall serve as
17 the administrative agent for these funds, and shall establish an
18 advisory committee of interested parties, including all universities
19 and the Kentucky Community and Technical College System
20 institutions with established equine programs, to evaluate
21 proposals and make recommendations for the awarding of funds.
- 22 d. The Kentucky Council on Postsecondary Education may
23 promulgate administrative regulations to establish procedures for
24 administering the program and criteria for evaluating and awarding
25 grants; and
- 26 6. An amount equal to one-tenth of one percent (0.1%) of all money
27 wagered on live races and historical horse races shall be distributed to

1 the commission to support equine drug testing as provided in KRS
2 230.265(3), except that the amount deposited from money wagered on
3 historical horse races in any fiscal year shall not exceed three hundred
4 twenty thousand dollars (\$320,000).

5 (e) The excise tax imposed by paragraphs (a) and (b) of this subsection shall not
6 apply to pari-mutuel wagering on live harness racing at a county fair.

7 (2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is
8 imposed on:

- 9 1. All tracks conducting telephone account wagering;
- 10 2. All tracks participating as receiving tracks in intertrack wagering under
11 the jurisdiction of the commission; and
- 12 3. All tracks participating as receiving tracks displaying simulcasts and
13 conducting interstate wagering thereon.

14 (b) 1. Before August 1, 2022, the tax shall be three percent (3%) of all money
15 wagered on races as provided in paragraph (a) of this subsection during
16 the fiscal year.

17 2. Beginning August 1, 2022, the tax shall be one and one-half percent
18 (1.5%) of all money wagered on races as provided in paragraph (a) of
19 this subsection during the fiscal year.

20 (c) A noncontiguous track facility approved by the commission on or after
21 January 1, 1999, shall be exempt from the tax imposed under this subsection,
22 if the facility is established and operated by a licensed track which has a total
23 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
24 or less. The amount of money exempted under this paragraph shall be retained
25 by the noncontiguous track facility, KRS 230.3771 and 230.378
26 notwithstanding.

27 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of

1 this subsection as follows:

2 1. An amount equal to one percent (1%) of the amount wagered shall be
3 deposited as follows:

4 a. In the Thoroughbred development fund established in KRS
5 230.400 if the host track is conducting a Thoroughbred race
6 meeting or the interstate wagering is conducted on a Thoroughbred
7 race meeting;

8 b. In the Kentucky standardbred development fund established in
9 KRS 230.770, if the host track is conducting a harness race
10 meeting or the interstate wagering is conducted on a harness race
11 meeting; or

12 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
13 Arabian development fund established by KRS 230.445, if the host
14 track is conducting a quarter horse, paint horse, Appaloosa, or
15 Arabian horse race meeting or the interstate wagering is conducted
16 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
17 meeting;

18 2. An amount equal to twenty-five thousandths of one percent (0.025%) of
19 the amount wagered shall be allocated to the equine industry program
20 trust and revolving fund established by KRS 230.550 to be used to
21 support the Equine Industry Program at the University of Louisville;

22 3. An amount equal to one-twentieth of one percent (0.05%) of the amount
23 wagered shall be deposited in a trust and revolving fund to be used for
24 the construction, expansion, or renovation of facilities or the purchase of
25 equipment for equine programs at state universities, as detailed in
26 subsection (1)(d)5. of this section; and

27 4. An amount equal to one-twentieth of one percent (0.05%) of the amount

1 wagered shall be distributed to the commission to support equine drug
2 testing as provided in KRS 230.265(3).

3 (3) If a host track in this state is the location for the conduct of a two (2) day
4 international horse racing event that distributes in excess of a total of twenty million
5 dollars (\$20,000,000) in purses and awards:

6 (a) The excise tax imposed by subsection (1)(a) and (b) of this section shall not
7 apply to money wagered at the track on live races conducted at the track
8 during the two (2) day international horse racing event; and

9 (b) Amounts wagered at the track on live races conducted at the track during the
10 two (2) day international horse racing event shall not be included in
11 calculating the daily average live handle for purposes of subsection (1) of this
12 section.

13 **(4) If a host track in this state is the location for the conduct of an international**
14 **harness racing event spanning multiple days that distributes at least five million**
15 **dollars (\$5,000,000) in purses and awards, the Tourism, Arts and Heritage**
16 **Cabinet shall be granted a race title sponsorship and promotional package at the**
17 **international harness racing event with all usual and customary benefits assigned**
18 **to promote Kentucky tourism. The Tourism, Arts and Heritage Cabinet shall not**
19 **be charged any fees for the promotional package.**

20 ~~(5)~~~~(4)~~ The taxes imposed by this section shall be paid, collected, and administered as
21 provided in KRS 138.530.

22 ➔Section 7. KRS 230.770 is amended to read as follows:

23 (1) **(a)** There is hereby created a trust and **agency account**~~[revolving fund]~~ for the
24 Kentucky Horse Racing Commission, designated as the Kentucky
25 standardbred development fund, consisting of **moneys**~~[money]~~ allocated to the
26 fund under the provisions of KRS 138.510, together with any other
27 **moneys**~~[money]~~ contributed to or allocated to the fund from all other sources.

1 **(b)** For the purposes of this section, "development fund" or "fund" means the
2 Kentucky standardbred development fund.

3 **(c)** ~~Moneys~~[Money] to the credit of the development fund shall be **transferred in**
4 **the following order:**

5 **1. Seventy-five thousand dollars (\$75,000) each fiscal year to the**
6 **Kentucky problem gambling assistance account established in KRS**
7 **230.826; and**

8 **2. Remaining moneys to**~~distributed by the Treasurer for the purposes~~
9 ~~provided in this section, upon authorization of~~ the Kentucky Horse
10 Racing Commission **for the purposes specified in this section**~~and upon~~
11 ~~approval of the secretary of the Finance and Administration Cabinet~~.

12 **(d)** ~~Moneys~~[Money] to the credit of the fund at the end of each fiscal year shall
13 not lapse but shall be carried forward in the fund to the succeeding fiscal year.

14 (2) The Kentucky Horse Racing Commission shall use the development fund to
15 promote races, and to provide purses for races, for Kentucky-bred standardbred
16 horses.

17 (3) The racing commission shall:

18 **(a) Account for the moneys in the fund by separating the moneys as required**
19 **for distribution under subsections (1) and (4) of this section; and**

20 **(b)** Provide for distribution of ~~moneys~~[money] to the credit of the development
21 fund to persons, corporations, or associations operating licensed standardbred
22 race tracks within Kentucky on an equitable basis, for the purpose of
23 conducting separate races for Kentucky-bred standardbred horses, both
24 trotting and pacing.

25 (4) **The racing commission shall establish an international harness racing event**
26 **reserve account of up to nine hundred thousand dollars (\$900,000) for a**
27 **Kentucky track that hosts an international harness racing event spanning**

1 multiple days that distributes at least five million dollars (\$5,000,000) in purses
 2 and awards. Moneys shall be transferred from the development fund as follows:

3 (a) Beginning July 31, 2024, three hundred thousand dollars (\$300,000) shall
 4 be transferred annually into the event reserve account until the total
 5 amount transferred into the event reserve account reaches nine hundred
 6 thousand dollars (\$900,000);

7 (b) If the event reserve account reaches nine hundred thousand dollars
 8 (\$900,000), the annual transfer of moneys into the account shall be
 9 suspended and shall not resume until a Kentucky track has hosted the event
 10 and has received its distribution of moneys under this subsection; and

11 (c) If an event is held and the nine hundred thousand dollars (\$900,000) has
 12 been distributed to the host track, the annual transfers into the event reserve
 13 account under paragraph (a) of this subsection shall resume at that time.

14 (5) Moneys~~[Money]~~ distributed from the development fund to licensed standardbred
 15 race tracks within the Commonwealth shall be used exclusively to promote races
 16 and provide purses for races conditioned to admit only Kentucky-bred standardbred
 17 horses.

18 (6)~~[(5)]~~ The Kentucky Horse Racing Commission shall:

19 (a) Fix the amount of moneys~~[money]~~ to be paid from the development fund to
 20 be added to the purse provided for each race by the licensed operator of the
 21 track;~~[shall]~~

22 (b) Fix the dates and conditions of races to be held by licensed race tracks; and~~[~~
 23 ~~shall]~~

24 (c) Promulgate administrative regulations in accordance with KRS Chapter 13A
 25 necessary to carry out the provisions of this section.

26 (7)~~[(6)]~~ (a) The Kentucky Horse Racing Commission may promulgate
 27 administrative regulations necessary to determine the eligibility of horses for

1 entry in races for which a portion of the purse is provided by moneys~~[money]~~
 2 of the development fund, including administrative regulations for the
 3 eligibility, residency, and registration of mares, stallions, and progeny thereof.

4 (b) Registration of stallions may occur any time during the breeding season, but
 5 shall occur no later than December 31 of the year of conception of the eligible
 6 horse.

7 ~~(8)~~~~(7)~~ (a) The Kentucky Horse Racing Commission shall appoint qualified
 8 personnel necessary to supervise registration of, or determination of eligibility
 9 of, horses entitled to entry in races, a portion of the purse of which is provided
 10 by the development fund, to assist the racing commission in determining the
 11 conditions, class, and quality of the fund supported race program to be
 12 established in this section~~[hereunder so as]~~ to carry out the purposes of this
 13 section.

14 (b) These persons shall serve at the pleasure of the racing commission and
 15 compensation shall be fixed by the racing commission.

16 (c) The compensation of personnel and necessary expenses shall be paid out of
 17 the development fund.

18 (d) The racing commission shall~~[Promulgate administrative regulations to carry~~
 19 ~~out the provisions of this section, and shall]~~ administer the Kentucky sire
 20 stakes program ~~[created hereby]~~ in a manner best designed to:

21 1. Promote and aid in the development of the horse industry in Kentucky;~~]~~
 22 ~~to]~~

23 2. Upgrade the quality of racing in Kentucky; and~~[to]~~

24 3. Improve the quality of horses bred in Kentucky.

25 ➔Section 8. KRS 230.400 is amended to read as follows:

26 (1) (a) There is hereby created a trust and agency account~~[revolving fund]~~ for the
 27 Kentucky Horse Racing Commission, designated as the Kentucky

1 Thoroughbred development fund, consisting of ~~moneys~~ money allocated to
 2 the fund under the provisions of KRS 138.510, together with other
 3 ~~moneys~~ money contributed to or allocated to the fund from all other sources.

4 (b) Moneys Money to the credit of the Kentucky Thoroughbred development
 5 fund shall be transferred in the following order:

6 1. One hundred thousand dollars (\$100,000) each fiscal year to the
 7 Kentucky problem gambling assistance account established in KRS
 8 230.826; and

9 2. Remaining moneys to distributed by the Treasurer for the purposes of
 10 this section upon authorization of the Kentucky Horse Racing
 11 Commission for the purposes specified in this section and upon
 12 approval of the secretary of the Finance and Administration Cabinet.

13 (c) Moneys Money from the Kentucky Thoroughbred development fund shall be
 14 allocated to each licensed association in an amount equal to the amount the
 15 association contributed to the fund.

16 (d) Moneys Money to the credit of the Kentucky Thoroughbred development
 17 fund at the end of each fiscal year shall not lapse, but shall be carried forward
 18 in such fund to the succeeding fiscal year.

19 (2) There is hereby established, under the general jurisdiction of the Kentucky Horse
 20 Racing Commission, a Kentucky Thoroughbred Development Fund Advisory
 21 Committee. The advisory committee shall consist of five (5) members, all of whom
 22 shall be residents of Kentucky, to be appointed by the chairman of the Kentucky
 23 Horse Racing Commission by July 1 of each year. The committee shall consist of
 24 two (2) Thoroughbred breeders recommended by the Kentucky Thoroughbred
 25 Owners and Breeders, Inc.; one (1) Thoroughbred owner recommended by the
 26 Kentucky division of the Horsemen's Benevolent and Protective Association; one
 27 (1) officer or director of a licensed association conducting Thoroughbred racing in

1 Kentucky, recommended by action of all of the licensed associations conducting
2 Thoroughbred racing in Kentucky; and one (1) member of the Kentucky Horse
3 Racing Commission. If any member other than the racing commission member has
4 not been recommended for appointment by July 1 of each year, the chairman of the
5 Kentucky Horse Racing Commission shall make an appointment for the
6 organization or organizations failing to recommend a member of the committee.
7 The members of the advisory committee shall serve without compensation, but shall
8 be entitled to reimbursement for all expenses incurred in the discharge of official
9 business. The advisory committee shall select from its membership annually a
10 chairman and a vice chairman.

11 (3) (a) The Kentucky Thoroughbred Development Fund Committee shall advise and
12 assist the Kentucky Horse Racing Commission in the development of the
13 supplemental purse program provided herein for Kentucky-bred
14 Thoroughbreds, shall make recommendations to the racing commission from
15 time to time with respect to the establishment of guidelines, administrative
16 regulations for the provision of supplemental purses, the amount thereof, the
17 races for which the purses are to be provided and the conditions thereof,
18 manner and method of payment of supplemental purses, registry of
19 Thoroughbred stallions standing within the Commonwealth of Kentucky,
20 registry of Kentucky-bred Thoroughbreds for purposes of this section, nature
21 and type of forms and reports to be employed and required in connection with
22 the establishment, provision for, award and payment of supplemental purses,
23 and with respect to all other matters necessary in connection with the carrying
24 out of the intent and purposes of this section.

25 (b) The Kentucky Horse Racing Commission shall employ qualified personnel as
26 may be required to assist the racing commission and the advisory committee
27 in carrying out the provisions of this section. These persons shall serve at the

1 pleasure of the racing commission and compensation for these personnel shall
2 be fixed by the racing commission. The compensation of these personnel and
3 the necessary expenses incurred by the racing commission or by the
4 committee in carrying out the provisions of this section shall be paid out of
5 the Kentucky Thoroughbred development fund.

6 (4) The Kentucky Horse Racing Commission, with the advice and assistance of the
7 Kentucky Thoroughbred Development Fund Advisory Committee, shall use the
8 Kentucky Thoroughbred development fund to promote, enhance, improve, and
9 encourage the further and continued development of the Thoroughbred breeding
10 industry in Kentucky by providing, out of the Kentucky Thoroughbred development
11 fund, supplemental purses for designated stakes, handicap, allowance, nonclaiming
12 maiden races, and claiming races contested at licensed Thoroughbred race meetings
13 in Kentucky. The Kentucky Horse Racing Commission shall, by administrative
14 regulation promulgated in accordance with KRS Chapter 13A, establish the
15 requirements, conditions, and procedures for awarding and payment of
16 supplemental purses in designated races by Kentucky-bred Thoroughbred horses.
17 That portion of the supplemental purse provided for any designated race shall be
18 awarded and paid to the owner of the horse only if the horse is a Kentucky-bred
19 Thoroughbred duly registered with the official registrar. Any portion of the
20 supplemental purse which is not awarded and paid over shall be returned to the
21 Kentucky Thoroughbred development fund.

22 (5) (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall
23 mean and include only a Thoroughbred stallion standing the entire breeding
24 season in Kentucky and registered as a Kentucky Thoroughbred stallion with
25 the official registrar of the Kentucky Thoroughbred development fund.

26 (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term
27 "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and

- 1 include only Thoroughbred horses sired by Kentucky Thoroughbred stallions
2 foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the
3 official registrar of the Kentucky Thoroughbred development fund.
- 4 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a
5 Kentucky-bred Thoroughbred for purposes of this section if the horse was
6 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud
7 within Kentucky at the time of conception of such Thoroughbred, provided
8 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with
9 the official registrar of the Kentucky Thoroughbred development fund.
- 10 (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to
11 demand, claim, and receive a portion of a supplemental purse provided by the
12 Kentucky Thoroughbred development fund, the Thoroughbred horse in a
13 designated race for which a supplemental purse has been provided by the
14 Kentucky Thoroughbred development fund must have been duly registered as
15 a Kentucky-bred Thoroughbred with the official registrar of the Kentucky
16 Thoroughbred development fund prior to entry in the race.
- 17 (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and
18 designated as the sole official registrar of the Kentucky Thoroughbred
19 development fund for the purposes of registering Kentucky Thoroughbred
20 stallions and Kentucky-bred Thoroughbreds in accordance with the terms of
21 this section and any administrative regulations promulgated by the Kentucky
22 Horse Racing Commission. When a Kentucky-bred Thoroughbred is
23 registered with the official registrar, the registrar shall be authorized to stamp
24 the Jockey Club certificate issued for the Thoroughbred with the seal of the
25 registrar, certifying that the Thoroughbred is a duly qualified and registered
26 Kentucky-bred Thoroughbred for purposes of this section. The registrar may
27 establish and charge, with the approval of the racing commission, reasonable

1 registration fees for its services in the registration of Kentucky Thoroughbred
2 stallions and in the registration of Kentucky-bred Thoroughbreds. Registration
3 records of the registrar shall be public records and open to public inspection at
4 all normal business hours and times.

5 (b) Any interested party aggrieved by the failure or refusal of the official registrar
6 to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-
7 bred Thoroughbred shall have the right to file with the racing commission,
8 within thirty (30) days of such failure or refusal of the registrar, a petition
9 seeking registration of the Thoroughbred. The racing commission shall
10 promptly hear the matter de novo and issue its order directing the official
11 registrar to register or not to register as it may be determined by the racing
12 commission.

13 (7) The Kentucky Horse Racing Commission shall promulgate administrative
14 regulations as may be necessary to carry out the provisions and purposes of this
15 section, including the promulgation of administrative regulations and forms as may
16 be appropriate for the proper registration of Kentucky stallions and Kentucky-bred
17 Thoroughbreds with the official registrar, and shall administer the Kentucky-bred
18 Thoroughbred program created hereby in a manner best designed to promote and
19 aid in the further development of the Thoroughbred breeding industry in Kentucky,
20 to upgrade the quality of Thoroughbred racing in Kentucky, and to improve the
21 quality of Thoroughbred horses bred in Kentucky.

22 ➔Section 9. KRS 230.445 is amended to read as follows:

23 (1) (a) There is hereby created a trust and agency account~~[revolving fund]~~ for the
24 Kentucky Horse Racing Commission designated the Kentucky quarter horse,
25 paint horse, Appaloosa, and Arabian development fund, consisting of
26 moneys~~[money]~~ allocated to the fund under KRS 230.3771 together with any
27 other moneys~~[money]~~ contributed to or allocated to the fund from all other

1 sources.

2 **(b)** For the purposes of this section, "development fund" or "fund" means the
3 Kentucky quarter horse, paint horse, Appaloosa, and Arabian development
4 fund.

5 **(c)** ~~Moneys~~[Money] to the credit of the development fund shall be **transferred in**
6 **the following order:**

7 **1. Twenty-five thousand dollars (\$25,000) each fiscal year to the**
8 **Kentucky problem gambling assistance account established in KRS**
9 **230.826; and**

10 **2. Remaining moneys to** ~~[distributed by the Treasurer for the purposes~~
11 ~~provided in this section, upon authorization of]~~the Kentucky Horse
12 Racing Commission **for the purposes specified in this section**~~[and~~
13 ~~upon approval of the secretary of the Finance and Administration~~
14 ~~Cabinet].~~

15 **(d)** Notwithstanding KRS 45.229, ~~moneys~~[money] to the credit of the fund at the
16 end of the fiscal year shall not lapse but shall be carried forward in the fund to
17 the succeeding fiscal year.

18 **(e)** Interest earnings of the fund shall become a part of the fund and shall not
19 lapse.

20 **(f)** Moneys in the fund shall be used and are hereby appropriated for purposes
21 specified in this section.

22 (2) The Kentucky Horse Racing Commission shall use the development fund to
23 promote races and to provide purses for races for horses bred and foaled in the
24 Commonwealth. The commission shall provide for distribution of ~~moneys~~[money]
25 to the credit of the development fund to persons, corporations, or associations
26 operating licensed tracks within Kentucky conducting quarter horse, paint horse,
27 Appaloosa, or Arabian horse racing, on an equitable basis as determined by the

1 commission and in conformance with subsection (3) of this section.

2 (3) The Kentucky Horse Racing Commission shall:

3 (a) Fix the amount of moneys~~[money]~~ to be paid from the development fund to
4 be added to the purse provided for each race by the licensed operator of the
5 track;

6 (b) Fix the dates and conditions of races to be held by licensed tracks; and

7 (c) Promulgate administrative regulations necessary to carry out the provisions of
8 this section.

9 Moneys~~[Money]~~ from the fund shall be allocated to each breed of horse represented
10 in the fund in an amount equal to the amount the breed has contributed to the fund.

11 (4) The Kentucky Horse Racing Commission shall appoint qualified personnel as
12 necessary to:

13 (a) Supervise registration of, or determine the eligibility of, horses entitled to
14 entry in races which receive a portion of purse money from the development
15 fund; and

16 (b) Assist the commission in determining the conditions, class, and quality of the
17 fund-supported race program established to carry out the purposes of this
18 section.

19 The personnel shall serve at the pleasure of the commission and compensation shall
20 be fixed by the commission with the compensation and necessary expenses of the
21 personnel paid from the development fund.

22 (5) The commission shall promulgate administrative regulations to carry out the
23 provisions of this section and shall administer the Kentucky quarter horse, paint
24 horse, Appaloosa, and Arabian development fund in a manner designed to:

25 (a) Promote and aid in the development of the horse industry in Kentucky;

26 (b) Upgrade the quality of racing in Kentucky; and

27 (c) Improve the quality of horses bred in Kentucky.

1 ➔Section 10. KRS 138.513 is amended to read as follows:

- 2 (1) (a) Beginning August 1, 2014, but before August 1, 2022, an excise tax is
3 imposed on all advance deposit account wagering licensees licensed under
4 KRS 230.260 at a rate of one-half of one percent (0.5%) of all amounts
5 wagered through the licensee by Kentucky residents; and
6 (b) Beginning August 1, 2022, an excise tax is imposed on all advance deposit
7 account wagering licensees licensed under KRS 230.260~~[138.675]~~ at a rate of
8 one and one-half percent (1.5%) of all amounts wagered through the licensee
9 by Kentucky residents.
- 10 (2) The tax imposed by this section shall be paid, collected, administered, and
11 distributed as provided in KRS 138.530.

12 ➔Section 11. KRS 139.470 is amended to read as follows:

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

- 14 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this
15 state of, tangible personal property or digital property which this state is prohibited
16 from taxing under the Constitution or laws of the United States, or under the
17 Constitution of this state;
- 18 (2) Gross receipts from sales of, and the storage, use, or other consumption in this state
19 of:
- 20 (a) Nonreturnable and returnable containers when sold without the contents to
21 persons who place the contents in the container and sell the contents together
22 with the container; and
23 (b) Returnable containers when sold with the contents in connection with a retail
24 sale of the contents or when resold for refilling;

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

- 1 (3) Gross receipts from occasional sales of tangible personal property or digital
2 property and the storage, use, or other consumption in this state of tangible personal
3 property or digital property, the transfer of which to the purchaser is an occasional
4 sale;
- 5 (4) Gross receipts from sales of tangible personal property to a common carrier,
6 shipped by the retailer via the purchasing carrier under a bill of lading, whether the
7 freight is paid in advance or the shipment is made freight charges collect, to a point
8 outside this state and the property is actually transported to the out-of-state
9 destination for use by the carrier in the conduct of its business as a common carrier;
- 10 (5) Gross receipts from sales of tangible personal property sold through coin-operated
11 bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the
12 retailer is primarily engaged in making the sales and maintains records satisfactory
13 to the department. As used in this subsection, "bulk vending machine" means a
14 vending machine containing unsorted merchandise which, upon insertion of a coin,
15 dispenses the same in approximately equal portions, at random and without
16 selection by the customer;
- 17 (6) Gross receipts from sales to any cabinet, department, bureau, commission, board, or
18 other statutory or constitutional agency of the state and gross receipts from sales to
19 counties, cities, or special districts as defined in KRS 65.005. This exemption shall
20 apply only to purchases of tangible personal property, digital property, or services
21 for use solely in the government function. A purchaser not qualifying as a
22 governmental agency or unit shall not be entitled to the exemption even though the
23 purchaser may be the recipient of public funds or grants;
- 24 (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky
25 residents for use in heating, water heating, cooking, lighting, and other
26 residential uses if the sewer services, water, and fuel are purchased and
27 declared by the resident as used in his or her place of domicile.

- 1 (b) As used in this subsection:
- 2 1. "Fuel" shall include but not be limited to natural gas, electricity, fuel oil,
3 bottled gas, coal, coke, and wood; and
- 4 2. "Place of domicile" means the place where an individual has his or her
5 legal, true, fixed, and permanent home and principal establishment, and
6 to which, whenever the individual is absent, the individual has the
7 intention of returning.
- 8 (c) Determinations of eligibility for the exemption shall be made by the
9 department.
- 10 (d) The exemption shall apply to charges for sewer service, water, and fuel billed
11 to an owner or operator of a multi-unit residential rental facility or mobile
12 home and recreational vehicle park if the owner or operator declares that the
13 sewer services, water, and fuel are purchased for Kentucky residents to be
14 used in the resident's place of domicile.
- 15 (e) The exemption shall apply also to residential property which may be held by
16 legal or equitable title, by the entirety, jointly, in common, as a
17 condominium, or indirectly by the stock ownership or membership
18 representing the owner's or member's proprietary interest in a corporation
19 owning a fee or a leasehold initially in excess of ninety-eight (98) years if the
20 sewer services, water, and fuel are purchased for and declared by the
21 Kentucky resident as used in his or her place of domicile;
- 22 (8) Gross receipts from sales to an out-of-state agency, organization, or institution
23 exempt from sales and use tax in its state of residence when that agency,
24 organization, or institution gives proof of its tax-exempt status to the retailer and the
25 retailer maintains a file of the proof;
- 26 (9) (a) Gross receipts derived from the sale of tangible personal property, as provided
27 in paragraph (b) of this subsection, to a manufacturer or industrial processor if

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

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

10 and which will be for sale.

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

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

1 parts of any kind; and

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

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

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

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

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

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

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

8 (a) As used in this subsection:

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

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

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

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

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

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

1 or to be distributed by the purchaser.

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

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

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

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

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

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

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

1 is:

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

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

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

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

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

13 (21) Gross receipts from the collection of:

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

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

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

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

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

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

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

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

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

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

2 (23) (a) For persons selling services included in KRS 139.200(2)(g) to ~~ax~~^(p) prior to
3 January 1, ~~2025~~^[2019], gross receipts derived from the sale of those services
4 if the gross receipts were less than ~~twelve~~^[six] thousand dollars
5 ~~(\$12,000)~~^[\$6,000] during calendar year ~~2024~~^[2018]. When gross receipts
6 from these services exceed ~~twelve~~^[six] thousand dollars ~~(\$12,000)~~^[\$6,000]
7 in a calendar year:

- 8 1. All gross receipts over ~~twelve~~^[six] thousand dollars ~~(\$12,000)~~^[\$6,000]
9 are taxable in that calendar year; and
- 10 2. All gross receipts are subject to tax in subsequent calendar years.

11 ~~(b) [For persons selling services included in KRS 139.200(2)(q) to (ax) prior to~~
12 ~~January 1, 2023, gross receipts derived from the sale of those services if the~~
13 ~~gross receipts were less than six thousand dollars (\$6,000) during calendar~~
14 ~~year 2021. When gross receipts from these services exceed six thousand~~
15 ~~dollars (\$6,000) in a calendar year:~~

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

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

22 (24) (a) For persons that first begin making sales of services included in KRS
23 139.200(2)(g) to ~~ax~~^(p) on or after January 1, ~~2025~~^[2019], gross receipts
24 derived from the sale of those services if the gross receipts are less than
25 ~~twelve~~^[six] thousand dollars ~~(\$12,000)~~^[\$6,000] within the first calendar year
26 of operation. When gross receipts from these services exceed ~~twelve~~^[six]
27 thousand dollars ~~(\$12,000)~~^[\$6,000] in a calendar year:

- 1 1. All gross receipts over ~~twelve~~^{six} thousand dollars ~~(\$12,000)~~^(\$6,000)
- 2 are taxable in that calendar year; and
- 3 2. All gross receipts are subject to tax in subsequent calendar years.
- 4 (b) ~~[For persons that first begin making sales of services included in KRS~~
- 5 ~~139.200(2)(q) to (ax) on or after January 1, 2023, gross receipts derived from~~
- 6 ~~the sale of those services if the gross receipts are less than six thousand dollars~~
- 7 ~~(\$6,000) within the first calendar year of operation. When gross receipts from~~
- 8 ~~these services exceed six thousand dollars (\$6,000) in a calendar year:~~
- 9 1. ~~All gross receipts over six thousand dollars (\$6,000) are taxable in that~~
- 10 ~~calendar year; and~~
- 11 2. ~~All gross receipts are subject to tax in subsequent calendar years.~~
- 12 ~~(c)~~ The exemption provided in this subsection shall not apply to a person that is
- 13 also engaged in the business of selling tangible personal property, digital
- 14 property, or services included in KRS 139.200(2)(a) to (f).

15 ➔Section 12. KRS 139.480 (Effective until January 1, 2025) is amended to read

16 as follows:

17 Any other provision of this chapter to the contrary notwithstanding, the terms "sale at

18 retail," "retail sale," "use," "storage," and "consumption," as used in this chapter, shall not

19 include the sale, use, storage, or other consumption of:

- 20 (1) Locomotives or rolling stock, including materials for the construction, repair, or
- 21 modification thereof, or fuel or supplies for the direct operation of locomotives and
- 22 trains, used or to be used in interstate commerce;
- 23 (2) Coal for the manufacture of electricity;
- 24 (3) (a) All energy or energy-producing fuels used in the course of manufacturing,
- 25 processing, mining, or refining and any related distribution, transmission, and
- 26 transportation services for this energy that are billed to the user, to the extent
- 27 that the cost of the energy or energy-producing fuels used, and related

1 distribution, transmission, and transportation services for this energy that are
2 billed to the user exceed three percent (3%) of the cost of production.

3 (b) Cost of production shall be computed on the basis of a plant facility, which
4 shall include all operations within the continuous, unbroken, integrated
5 manufacturing or industrial processing process that ends with a product
6 packaged and ready for sale.

7 (c) A person who performs a manufacturing or industrial processing activity for a
8 fee and does not take ownership of the tangible personal property that is
9 incorporated into, or becomes the product of, the manufacturing or industrial
10 processing activity is a toller. For periods on or after July 1, 2018, the costs of
11 the tangible personal property shall be excluded from the toller's cost of
12 production at a plant facility with tolling operations in place as of July 1,
13 2018.

14 (d) For plant facilities that begin tolling operations after July 1, 2018, the costs of
15 tangible personal property shall be excluded from the toller's cost of
16 production if the toller:

17 1. Maintains a binding contract for periods after July 1, 2018, that governs
18 the terms, conditions, and responsibilities with a separate legal entity,
19 which holds title to the tangible personal property that is incorporated
20 into, or becomes the product of, the manufacturing or industrial
21 processing activity;

22 2. Maintains accounting records that show the expenses it incurs to fulfill
23 the binding contract that include but are not limited to energy or energy-
24 producing fuels, materials, labor, procurement, depreciation,
25 maintenance, taxes, administration, and office expenses;

26 3. Maintains separate payroll, bank accounts, tax returns, and other records
27 that demonstrate its independent operations in the performance of its

- 1 tolling responsibilities;
- 2 4. Demonstrates one (1) or more substantial business purposes for the
- 3 tolling operations germane to the overall manufacturing, industrial
- 4 processing activities, or corporate structure at the plant facility. A
- 5 business purpose is a purpose other than the reduction of sales tax
- 6 liability for the purchases of energy and energy-producing fuels; and
- 7 5. Provides information to the department upon request that documents
- 8 fulfillment of the requirements in subparagraphs 1. to 4. of this
- 9 paragraph and gives an overview of its tolling operations with an
- 10 explanation of how the tolling operations relate and connect with all
- 11 other manufacturing or industrial processing activities occurring at the
- 12 plant facility;
- 13 (4) Livestock of a kind the products of which ordinarily constitute food for human
- 14 consumption, provided the sales are made for breeding or dairy purposes and by or
- 15 to a person regularly engaged in the business of farming;
- 16 (5) Poultry for use in breeding or egg production;
- 17 (6) Farm work stock for use in farming operations;
- 18 (7) Seeds, the products of which ordinarily constitute food for human consumption or
- 19 are to be sold in the regular course of business, and commercial fertilizer to be
- 20 applied on land, the products from which are to be used for food for human
- 21 consumption or are to be sold in the regular course of business; provided ~~the~~^[such]
- 22 sales are made to farmers who are regularly engaged in the occupation of tilling and
- 23 cultivating the soil for the production of crops as a business, or who are regularly
- 24 engaged in the occupation of raising and feeding livestock or poultry or producing
- 25 milk for sale; and provided further that tangible personal property so sold is to be
- 26 used only by those persons designated above who are so purchasing;
- 27 (8) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals to be

- 1 used in the production of crops as a business, or in the raising and feeding of
2 livestock or poultry, the products of which ordinarily constitute food for human
3 consumption;
- 4 (9) Feed, including pre-mixes and feed additives, for livestock or poultry of a kind the
5 products of which ordinarily constitute food for human consumption;
- 6 (10) Machinery for new and expanded industry;
- 7 (11) Farm machinery. As used in this section, the term "farm machinery":
- 8 (a) Means machinery used exclusively and directly in the occupation of:
- 9 1. Tilling the soil for the production of crops as a business;
- 10 2. Raising and feeding livestock or poultry for sale; or
- 11 3. Producing milk for sale;
- 12 (b) Includes machinery, attachments, and replacements therefor, repair parts, and
13 replacement parts which are used or manufactured for use on, or in the
14 operation of farm machinery and which are necessary to the operation of the
15 machinery, and are customarily so used, including but not limited to combine
16 header wagons, combine header trailers, or any other implements specifically
17 designed and used to move or transport a combine head; and
- 18 (c) Does not include:
- 19 1. Automobiles;
- 20 2. Trucks;
- 21 3. Trailers, except combine header trailers; or
- 22 4. Truck-trailer combinations;
- 23 (12) Tombstones and other memorial grave markers;
- 24 (13) On-farm facilities used exclusively for grain or soybean storing, drying, processing,
25 or handling. The exemption applies to the equipment, machinery, attachments,
26 repair and replacement parts, and any materials incorporated into the construction,
27 renovation, or repair of the facilities;

- 1 (14) On-farm facilities used exclusively for raising poultry or livestock. The exemption
2 shall apply to the equipment, machinery, attachments, repair and replacement parts,
3 and any materials incorporated into the construction, renovation, or repair of the
4 facilities. The exemption shall apply but not be limited to vent board equipment,
5 waterer and feeding systems, brooding systems, ventilation systems, alarm systems,
6 and curtain systems. In addition, the exemption shall apply whether or not the seller
7 is under contract to deliver, assemble, and incorporate into real estate the
8 equipment, machinery, attachments, repair and replacement parts, and any materials
9 incorporated into the construction, renovation, or repair of the facilities;
- 10 (15) Gasoline, special fuels, liquefied petroleum gas, and natural gas used exclusively
11 and directly to:
- 12 (a) Operate farm machinery as defined in subsection (11) of this section;
 - 13 (b) Operate on-farm grain or soybean drying facilities as defined in subsection
14 (13) of this section;
 - 15 (c) Operate on-farm poultry or livestock facilities defined in subsection (14) of
16 this section;
 - 17 (d) Operate on-farm ratite facilities defined in subsection (23) of this section;
 - 18 (e) Operate on-farm llama or alpaca facilities as defined in subsection (25) of this
19 section; or
 - 20 (f) Operate on-farm dairy facilities;
- 21 (16) Textbooks, including related workbooks and other course materials, purchased for
22 use in a course of study conducted by an institution which qualifies as a nonprofit
23 educational institution under KRS 139.495. The term "course materials" means only
24 those items specifically required of all students for a particular course but shall not
25 include notebooks, paper, pencils, calculators, tape recorders, or similar student
26 aids;
- 27 (17) Any property which has been certified as an alcohol production facility as defined

- 1 in KRS 247.910;
- 2 (18) Aircraft, repair and replacement parts therefor, and supplies, except fuel, for the
3 direct operation of aircraft in interstate commerce and used exclusively for the
4 conveyance of property or passengers for hire. Nominal intrastate use shall not
5 subject the property to the taxes imposed by this chapter;
- 6 (19) Any property which has been certified as a fluidized bed energy production facility
7 as defined in KRS 211.390;
- 8 (20) (a) 1. Any property to be incorporated into the construction, rebuilding,
9 modification, or expansion of a blast furnace or any of its components or
10 appurtenant equipment or structures as part of an approved supplemental
11 project, as defined by KRS 154.26-010; and
- 12 2. Materials, supplies, and repair or replacement parts purchased for use in
13 the operation and maintenance of a blast furnace and related carbon
14 steel-making operations as part of an approved supplemental project, as
15 defined by KRS 154.26-010.
- 16 (b) The exemptions provided in this subsection shall be effective for sales made:
- 17 1. On and after July 1, 2018; and
- 18 2. During the term of a supplemental project agreement entered into
19 pursuant to KRS 154.26-090;
- 20 (21) Beginning on October 1, 1986, food or food products purchased for human
21 consumption with food coupons issued by the United States Department of
22 Agriculture pursuant to the Food Stamp Act of 1977, as amended, and required to
23 be exempted by the Food Security Act of 1985 in order for the Commonwealth to
24 continue participation in the federal food stamp program;
- 25 (22) Machinery or equipment purchased or leased by a business, industry, or
26 organization in order to collect, source separate, compress, bale, shred, or otherwise
27 handle waste materials if the machinery or equipment is primarily used for

1 recycling purposes;

2 (23) Ratite birds and eggs to be used in an agricultural pursuit for the breeding and
3 production of ratite birds, feathers, hides, breeding stock, eggs, meat, and ratite by-
4 products, and the following items used in this agricultural pursuit:

5 (a) Feed and feed additives;

6 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
7 and

8 (c) On-farm facilities, including equipment, machinery, attachments, repair and
9 replacement parts, and any materials incorporated into the construction,
10 renovation, or repair of the facilities. The exemption shall apply to incubation
11 systems, egg processing equipment, waterer and feeding systems, brooding
12 systems, ventilation systems, alarm systems, and curtain systems. In addition,
13 the exemption shall apply whether or not the seller is under contract to
14 deliver, assemble, and incorporate into real estate the equipment, machinery,
15 attachments, repair and replacement parts, and any materials incorporated into
16 the construction, renovation, or repair of the facilities;

17 (24) Embryos and semen that are used in the reproduction of livestock, if the products of
18 these embryos and semen ordinarily constitute food for human consumption, and if
19 the sale is made to a person engaged in the business of farming;

20 (25) Llamas and alpacas to be used as beasts of burden or in an agricultural pursuit for
21 the breeding and production of hides, breeding stock, fiber and wool products,
22 meat, and llama and alpaca by-products, and the following items used in this
23 pursuit:

24 (a) Feed and feed additives;

25 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
26 and

27 (c) On-farm facilities, including equipment, machinery, attachments, repair and

1 replacement parts, and any materials incorporated into the construction,
2 renovation, or repair of the facilities. The exemption shall apply to waterer
3 and feeding systems, ventilation systems, and alarm systems. In addition, the
4 exemption shall apply whether or not the seller is under contract to deliver,
5 assemble, and incorporate into real estate the equipment, machinery,
6 attachments, repair and replacement parts, and any materials incorporated into
7 the construction, renovation, or repair of the facilities;

8 (26) Baling twine and baling wire for the baling of hay and straw;

9 (27) Water sold to a person regularly engaged in the business of farming and used in the:

10 (a) Production of crops;

11 (b) Production of milk for sale; or

12 (c) Raising and feeding of:

13 1. Livestock or poultry, the products of which ordinarily constitute food
14 for human consumption; or

15 2. Ratites, llamas, alpacas, buffalo, cervids or aquatic organisms;

16 (28) Buffalos to be used as beasts of burden or in an agricultural pursuit for the
17 production of hides, breeding stock, meat, and buffalo by-products, and the
18 following items used in this pursuit:

19 (a) Feed and feed additives;

20 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
21 and

22 (c) On-farm facilities, including equipment, machinery, attachments, repair and
23 replacement parts, and any materials incorporated into the construction,
24 renovation, or repair of the facilities. The exemption shall apply to waterer
25 and feeding systems, ventilation systems, and alarm systems. In addition, the
26 exemption shall apply whether or not the seller is under contract to deliver,
27 assemble, and incorporate into real estate the equipment, machinery,

1 attachments, repair and replacement parts, and any materials incorporated into
2 the construction, renovation, or repair of the facilities;

3 (29) Aquatic organisms sold directly to or raised by a person regularly engaged in the
4 business of producing products of aquaculture, as defined in KRS 260.960, for sale,
5 and the following items used in this pursuit:

6 (a) Feed and feed additives;

7 (b) Water;

8 (c) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
9 and

10 (d) On-farm facilities, including equipment, machinery, attachments, repair and
11 replacement parts, and any materials incorporated into the construction,
12 renovation, or repair of the facilities and, any gasoline, special fuels, liquefied
13 petroleum gas, or natural gas used to operate the facilities. The exemption
14 shall apply, but not be limited to: waterer and feeding systems; ventilation,
15 aeration, and heating systems; processing and storage systems; production
16 systems such as ponds, tanks, and raceways; harvest and transport equipment
17 and systems; and alarm systems. In addition, the exemption shall apply
18 whether or not the seller is under contract to deliver, assemble, and
19 incorporate into real estate the equipment, machinery, attachments, repair and
20 replacement parts, and any materials incorporated into the construction,
21 renovation, or repair of the facilities;

22 (30) Members of the genus cervidae permitted by KRS Chapter 150 that are used for the
23 production of hides, breeding stock, meat, and cervid by-products, and the
24 following items used in this pursuit:

25 (a) Feed and feed additives;

26 (b) Insecticides, fungicides, herbicides, rodenticides, and other chemicals; and

27 (c) On-site facilities, including equipment, machinery, attachments, repair and

1 replacement parts, and any materials incorporated into the construction,
2 renovation, or repair of the facilities. In addition, the exemption shall apply
3 whether or not the seller is under contract to deliver, assemble, and
4 incorporate into real estate the equipment, machinery, attachments, repair and
5 replacement parts, and any materials incorporated into the construction,
6 renovation, or repair of the facilities;

7 (31) (a) Repair or replacement parts for the direct operation or maintenance of a motor
8 vehicle, including any towed unit, used exclusively in interstate commerce for
9 the conveyance of property or passengers for hire, provided the motor vehicle
10 is licensed for use on the highway and its declared gross vehicle weight with
11 any towed unit is forty-four thousand and one (44,001) pounds or greater.
12 Nominal intrastate use shall not subject the property to the taxes imposed by
13 this chapter; and

14 (b) Repair or replacement parts for the direct operation and maintenance of a
15 motor vehicle operating under a charter bus certificate issued by the
16 Transportation Cabinet under KRS Chapter 281, or under similar authority
17 granted by the United States Department of Transportation.

18 (c) For the purposes of this subsection, "repair or replacement parts" means tires,
19 brakes, engines, transmissions, drive trains, chassis, body parts, and their
20 components. "Repair or replacement parts" shall not include fuel, machine
21 oils, hydraulic fluid, brake fluid, grease, supplies, or accessories not essential
22 to the operation of the motor vehicle itself, except when sold as part of the
23 assembled unit, such as cigarette lighters, radios, lighting fixtures not
24 otherwise required by the manufacturer for operation of the vehicle, or tool or
25 utility boxes;

26 (32) Food donated by a retail food establishment or any other entity regulated under
27 KRS 217.127 to a nonprofit organization for distribution to the needy;

- 1 (33) Drugs and over-the counter drugs, as defined in KRS 139.472, that are purchased
2 by a person regularly engaged in the business of farming and used in the treatment
3 of cattle, sheep, goats, swine, poultry, ratite birds, llamas, alpacas, buffalo, aquatic
4 organisms, or cervids;
- 5 (34) (a) Building materials, fixtures, or supplies purchased by a construction
6 contractor if:
- 7 1. Fulfilled by a construction contract for a sewer or water project with:
 - 8 a. A municipally owned water utility organized under KRS Chapter
9 96;
 - 10 b. A water district or water commission formed or organized under
11 KRS Chapter 74;
 - 12 c. A sanitation district established under KRS Chapter 220 or formed
13 pursuant to KRS Chapter 65;
 - 14 d. A nonprofit corporation created under KRS 58.180 to act on behalf
15 of a governmental agency in the acquisition and financing of
16 public projects;
 - 17 e. Regional wastewater commissions formed under KRS Chapter
18 278;
 - 19 f. A municipally owned joint sewer agency formed under KRS
20 Chapter 76; or
 - 21 g. Any other governmental agency; and
 - 22 2. The building materials, fixtures, or supplies:
 - 23 a. Will be permanently incorporated into a structure or improvement
24 to real property, or will be completely consumed, in fulfilling a
25 construction contract for the purpose of furnishing water or sewer
26 services to the general public; and
 - 27 b. Would be exempt if purchased directly by the entities listed in

1 subparagraph 1. of this paragraph.

2 (b) As used in this subsection, "construction contract" means a:

- 3 1. Lump sum contract;
- 4 2. Cost plus contract;
- 5 3. Materials only contract;
- 6 4. Labor and materials contract; or
- 7 5. Any other type of contract.

8 (c) The exemption provided in this subsection shall apply without regard to the
9 payment arrangement between the construction contractor, the retailer, and
10 the entities listed in paragraph (a)1. of this subsection or to the place of
11 delivery for the building materials, fixtures, or supplies;

12 (35) (a) On or after February 25, 2022, the rental of space for meetings, conventions,
13 short-term business uses, entertainment events, weddings, banquets, parties,
14 and other short-term social events, as referenced in KRS 139.200, if the tax
15 established in KRS 139.200 is paid by the primary lessee to the lessor.

16 (b) For the purpose of this subsection, "primary lessee" means the person who
17 leases the space and who has a contract with the lessor of the space only if:

- 18 1. The contract between the lessor and the lessee specifies that the lessee
19 may sublease, subrent, or otherwise sell the space; and
- 20 2. The space is then sublet, subrented, or otherwise sold to exhibitors,
21 vendors, sponsors, or other entities and persons who will use the space
22 associated with the event to be conducted under the primary lease; ~~and~~

23 (36) Prewritten computer software access services sold to or purchased by a retailer that
24 develops prewritten computer software for print technology and uses and sells
25 prewritten computer software access services for print technology; ***and***

26 **(37) (a) Currency or bullion.**

27 **(b) As used in this subsection:**

1 1. "Bullion":

2 a. Means bars, ingots, or coins, which are:

3 i. Made of gold, silver, platinum, palladium, or a
 4 combination of these metals;

5 ii. Valued based on the content of the metal and not its form;
 6 and

7 iii. Used, or have been used, as a medium of exchange,
 8 security, or commodity by any state, the United States
 9 government, or a foreign nation; and

10 b. Does not include medallions or coins that are incorporated into a
 11 pendant or other jewelry; and

12 2. "Currency":

13 a. Means a coin or currency made of gold, silver, platinum,
 14 palladium, or other metal or paper money that is or has been
 15 used as legal tender and is sold based on its value as a collectible
 16 item rather than the value as a medium of exchange; and

17 b. Does not include a coin or currency that has been incorporated
 18 into jewelry.

19 ➔Section 13. KRS 139.480 (Effective January 1, 2025) is amended to read as
 20 follows:

21 Any other provision of this chapter to the contrary notwithstanding, the terms "sale at
 22 retail," "retail sale," "use," "storage," and "consumption," as used in this chapter, shall not
 23 include the sale, use, storage, or other consumption of:

24 (1) Locomotives or rolling stock, including materials for the construction, repair, or
 25 modification thereof, or fuel or supplies for the direct operation of locomotives and
 26 trains, used or to be used in interstate commerce;

27 (2) Coal for the manufacture of electricity;

- 1 (3) (a) All energy or energy-producing fuels used in the course of manufacturing,
2 processing, mining, or refining and any related distribution, transmission, and
3 transportation services for this energy that are billed to the user, to the extent
4 that the cost of the energy or energy-producing fuels used, and related
5 distribution, transmission, and transportation services for this energy that are
6 billed to the user exceed three percent (3%) of the cost of production.
- 7 (b) Cost of production shall be computed on the basis of a plant facility, which
8 shall include all operations within the continuous, unbroken, integrated
9 manufacturing or industrial processing process that ends with a product
10 packaged and ready for sale.
- 11 (c) A person who performs a manufacturing or industrial processing activity for a
12 fee and does not take ownership of the tangible personal property that is
13 incorporated into, or becomes the product of, the manufacturing or industrial
14 processing activity is a toller. For periods on or after July 1, 2018, the costs of
15 the tangible personal property shall be excluded from the toller's cost of
16 production at a plant facility with tolling operations in place as of July 1,
17 2018.
- 18 (d) For plant facilities that begin tolling operations after July 1, 2018, the costs of
19 tangible personal property shall be excluded from the toller's cost of
20 production if the toller:
- 21 1. Maintains a binding contract for periods after July 1, 2018, that governs
22 the terms, conditions, and responsibilities with a separate legal entity,
23 which holds title to the tangible personal property that is incorporated
24 into, or becomes the product of, the manufacturing or industrial
25 processing activity;
 - 26 2. Maintains accounting records that show the expenses it incurs to fulfill
27 the binding contract that include but are not limited to energy or energy-

- 1 producing fuels, materials, labor, procurement, depreciation,
2 maintenance, taxes, administration, and office expenses;
- 3 3. Maintains separate payroll, bank accounts, tax returns, and other records
4 that demonstrate its independent operations in the performance of its
5 tolling responsibilities;
- 6 4. Demonstrates one (1) or more substantial business purposes for the
7 tolling operations germane to the overall manufacturing, industrial
8 processing activities, or corporate structure at the plant facility. A
9 business purpose is a purpose other than the reduction of sales tax
10 liability for the purchases of energy and energy-producing fuels; and
- 11 5. Provides information to the department upon request that documents
12 fulfillment of the requirements in subparagraphs 1. to 4. of this
13 paragraph and gives an overview of its tolling operations with an
14 explanation of how the tolling operations relate and connect with all
15 other manufacturing or industrial processing activities occurring at the
16 plant facility;
- 17 (4) Livestock of a kind the products of which ordinarily constitute food for human
18 consumption, provided the sales are made for breeding or dairy purposes and by or
19 to a person regularly engaged in the business of farming;
- 20 (5) Poultry for use in breeding or egg production;
- 21 (6) Farm work stock for use in farming operations;
- 22 (7) Seeds, the products of which ordinarily constitute food for human consumption or
23 are to be sold in the regular course of business, and commercial fertilizer to be
24 applied on land, the products from which are to be used for food for human
25 consumption or are to be sold in the regular course of business; provided ~~the~~^[such]
26 sales are made to farmers who are regularly engaged in the occupation of tilling and
27 cultivating the soil for the production of crops as a business, or who are regularly

- 1 engaged in the occupation of raising and feeding livestock or poultry or producing
2 milk for sale; and provided further that tangible personal property so sold is to be
3 used only by those persons designated above who are so purchasing;
- 4 (8) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals to be
5 used in the production of crops as a business, or in the raising and feeding of
6 livestock or poultry, the products of which ordinarily constitute food for human
7 consumption;
- 8 (9) Feed, including pre-mixes and feed additives, for livestock or poultry of a kind the
9 products of which ordinarily constitute food for human consumption;
- 10 (10) Machinery for new and expanded industry;
- 11 (11) Farm machinery. As used in this section, the term "farm machinery":
- 12 (a) Means machinery used exclusively and directly in the occupation of:
- 13 1. Tilling the soil for the production of crops as a business;
- 14 2. Raising and feeding livestock or poultry for sale; or
- 15 3. Producing milk for sale;
- 16 (b) Includes machinery, attachments, and replacements therefor, repair parts, and
17 replacement parts which are used or manufactured for use on, or in the
18 operation of farm machinery and which are necessary to the operation of the
19 machinery, and are customarily so used, including but not limited to combine
20 header wagons, combine header trailers, or any other implements specifically
21 designed and used to move or transport a combine head; and
- 22 (c) Does not include:
- 23 1. Automobiles;
- 24 2. Trucks;
- 25 3. Trailers, except combine header trailers; or
- 26 4. Truck-trailer combinations;
- 27 (12) Tombstones and other memorial grave markers;

- 1 (13) On-farm facilities used exclusively for grain or soybean storing, drying, processing,
2 or handling. The exemption applies to the equipment, machinery, attachments,
3 repair and replacement parts, and any materials incorporated into the construction,
4 renovation, or repair of the facilities;
- 5 (14) On-farm facilities used exclusively for raising poultry or livestock. The exemption
6 shall apply to the equipment, machinery, attachments, repair and replacement parts,
7 and any materials incorporated into the construction, renovation, or repair of the
8 facilities. The exemption shall apply but not be limited to vent board equipment,
9 waterer and feeding systems, brooding systems, ventilation systems, alarm systems,
10 and curtain systems. In addition, the exemption shall apply whether or not the seller
11 is under contract to deliver, assemble, and incorporate into real estate the
12 equipment, machinery, attachments, repair and replacement parts, and any materials
13 incorporated into the construction, renovation, or repair of the facilities;
- 14 (15) Gasoline, special fuels, liquefied petroleum gas, and natural gas used exclusively
15 and directly to:
- 16 (a) Operate farm machinery as defined in subsection (11) of this section;
 - 17 (b) Operate on-farm grain or soybean drying facilities as defined in subsection
18 (13) of this section;
 - 19 (c) Operate on-farm poultry or livestock facilities defined in subsection (14) of
20 this section;
 - 21 (d) Operate on-farm ratite facilities defined in subsection (23) of this section;
 - 22 (e) Operate on-farm llama or alpaca facilities as defined in subsection (25) of this
23 section; or
 - 24 (f) Operate on-farm dairy facilities;
- 25 (16) Textbooks, including related workbooks and other course materials, purchased for
26 use in a course of study conducted by an institution which qualifies as a nonprofit
27 educational institution under KRS 139.495. The term "course materials" means only

- 1 those items specifically required of all students for a particular course but shall not
2 include notebooks, paper, pencils, calculators, tape recorders, or similar student
3 aids;
- 4 (17) Any property which has been certified as an alcohol production facility as defined
5 in KRS 247.910;
- 6 (18) Aircraft, repair and replacement parts therefor, and supplies, except fuel, for the
7 direct operation of aircraft in interstate commerce and used exclusively for the
8 conveyance of property or passengers for hire. Nominal intrastate use shall not
9 subject the property to the taxes imposed by this chapter;
- 10 (19) Any property which has been certified as a fluidized bed energy production facility
11 as defined in KRS 211.390;
- 12 (20) (a) 1. Any property to be incorporated into the construction, rebuilding,
13 modification, or expansion of a blast furnace or any of its components or
14 appurtenant equipment or structures as part of an approved supplemental
15 project, as defined by KRS 154.26-010; and
- 16 2. Materials, supplies, and repair or replacement parts purchased for use in
17 the operation and maintenance of a blast furnace and related carbon
18 steel-making operations as part of an approved supplemental project, as
19 defined by KRS 154.26-010.
- 20 (b) The exemptions provided in this subsection shall be effective for sales made:
- 21 1. On and after July 1, 2018; and
- 22 2. During the term of a supplemental project agreement entered into
23 pursuant to KRS 154.26-090;
- 24 (21) Beginning on October 1, 1986, food or food products purchased for human
25 consumption with food coupons issued by the United States Department of
26 Agriculture pursuant to the Food Stamp Act of 1977, as amended, and required to
27 be exempted by the Food Security Act of 1985 in order for the Commonwealth to

- 1 continue participation in the federal food stamp program;
- 2 (22) Machinery or equipment purchased or leased by a business, industry, or
3 organization in order to collect, source separate, compress, bale, shred, or otherwise
4 handle waste materials if the machinery or equipment is primarily used for
5 recycling purposes;
- 6 (23) Ratite birds and eggs to be used in an agricultural pursuit for the breeding and
7 production of ratite birds, feathers, hides, breeding stock, eggs, meat, and ratite by-
8 products, and the following items used in this agricultural pursuit:
- 9 (a) Feed and feed additives;
- 10 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
11 and
- 12 (c) On-farm facilities, including equipment, machinery, attachments, repair and
13 replacement parts, and any materials incorporated into the construction,
14 renovation, or repair of the facilities. The exemption shall apply to incubation
15 systems, egg processing equipment, waterer and feeding systems, brooding
16 systems, ventilation systems, alarm systems, and curtain systems. In addition,
17 the exemption shall apply whether or not the seller is under contract to
18 deliver, assemble, and incorporate into real estate the equipment, machinery,
19 attachments, repair and replacement parts, and any materials incorporated into
20 the construction, renovation, or repair of the facilities;
- 21 (24) Embryos and semen that are used in the reproduction of livestock, if the products of
22 these embryos and semen ordinarily constitute food for human consumption, and if
23 the sale is made to a person engaged in the business of farming;
- 24 (25) Llamas and alpacas to be used as beasts of burden or in an agricultural pursuit for
25 the breeding and production of hides, breeding stock, fiber and wool products,
26 meat, and llama and alpaca by-products, and the following items used in this
27 pursuit:

- 1 (a) Feed and feed additives;
- 2 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
- 3 and
- 4 (c) On-farm facilities, including equipment, machinery, attachments, repair and
- 5 replacement parts, and any materials incorporated into the construction,
- 6 renovation, or repair of the facilities. The exemption shall apply to waterer
- 7 and feeding systems, ventilation systems, and alarm systems. In addition, the
- 8 exemption shall apply whether or not the seller is under contract to deliver,
- 9 assemble, and incorporate into real estate the equipment, machinery,
- 10 attachments, repair and replacement parts, and any materials incorporated into
- 11 the construction, renovation, or repair of the facilities;
- 12 (26) Baling twine and baling wire for the baling of hay and straw;
- 13 (27) Water sold to a person regularly engaged in the business of farming and used in the:
- 14 (a) Production of crops;
- 15 (b) Production of milk for sale; or
- 16 (c) Raising and feeding of:
- 17 1. Livestock or poultry, the products of which ordinarily constitute food
- 18 for human consumption; or
- 19 2. Ratites, llamas, alpacas, buffalo, cervids or aquatic organisms;
- 20 (28) Buffalos to be used as beasts of burden or in an agricultural pursuit for the
- 21 production of hides, breeding stock, meat, and buffalo by-products, and the
- 22 following items used in this pursuit:
- 23 (a) Feed and feed additives;
- 24 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
- 25 and
- 26 (c) On-farm facilities, including equipment, machinery, attachments, repair and
- 27 replacement parts, and any materials incorporated into the construction,

1 renovation, or repair of the facilities. The exemption shall apply to waterer
2 and feeding systems, ventilation systems, and alarm systems. In addition, the
3 exemption shall apply whether or not the seller is under contract to deliver,
4 assemble, and incorporate into real estate the equipment, machinery,
5 attachments, repair and replacement parts, and any materials incorporated into
6 the construction, renovation, or repair of the facilities;

7 (29) Aquatic organisms sold directly to or raised by a person regularly engaged in the
8 business of producing products of aquaculture, as defined in KRS 260.960, for sale,
9 and the following items used in this pursuit:

10 (a) Feed and feed additives;

11 (b) Water;

12 (c) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
13 and

14 (d) On-farm facilities, including equipment, machinery, attachments, repair and
15 replacement parts, and any materials incorporated into the construction,
16 renovation, or repair of the facilities and, any gasoline, special fuels, liquefied
17 petroleum gas, or natural gas used to operate the facilities. The exemption
18 shall apply, but not be limited to: waterer and feeding systems; ventilation,
19 aeration, and heating systems; processing and storage systems; production
20 systems such as ponds, tanks, and raceways; harvest and transport equipment
21 and systems; and alarm systems. In addition, the exemption shall apply
22 whether or not the seller is under contract to deliver, assemble, and
23 incorporate into real estate the equipment, machinery, attachments, repair and
24 replacement parts, and any materials incorporated into the construction,
25 renovation, or repair of the facilities;

26 (30) Members of the genus cervidae permitted by KRS Chapter 150 that are used for the
27 production of hides, breeding stock, meat, and cervid by-products, and the

1 following items used in this pursuit:

2 (a) Feed and feed additives;

3 (b) Insecticides, fungicides, herbicides, rodenticides, and other chemicals; and

4 (c) On-site facilities, including equipment, machinery, attachments, repair and
5 replacement parts, and any materials incorporated into the construction,
6 renovation, or repair of the facilities. In addition, the exemption shall apply
7 whether or not the seller is under contract to deliver, assemble, and
8 incorporate into real estate the equipment, machinery, attachments, repair and
9 replacement parts, and any materials incorporated into the construction,
10 renovation, or repair of the facilities;

11 (31) (a) Repair or replacement parts for the direct operation or maintenance of a motor
12 vehicle, including any towed unit, used exclusively in interstate commerce for
13 the conveyance of property or passengers for hire, provided the motor vehicle
14 is licensed for use on the highway and its declared gross vehicle weight with
15 any towed unit is forty-four thousand and one (44,001) pounds or greater.
16 Nominal intrastate use shall not subject the property to the taxes imposed by
17 this chapter; and

18 (b) Repair or replacement parts for the direct operation and maintenance of a
19 motor vehicle operating under a charter bus certificate issued by the
20 Transportation Cabinet under KRS Chapter 281, or under similar authority
21 granted by the United States Department of Transportation.

22 (c) For the purposes of this subsection, "repair or replacement parts" means tires,
23 brakes, engines, transmissions, drive trains, chassis, body parts, and their
24 components. "Repair or replacement parts" shall not include fuel, machine
25 oils, hydraulic fluid, brake fluid, grease, supplies, or accessories not essential
26 to the operation of the motor vehicle itself, except when sold as part of the
27 assembled unit, such as cigarette lighters, radios, lighting fixtures not

1 otherwise required by the manufacturer for operation of the vehicle, or tool or
2 utility boxes;

3 (32) Food donated by a retail food establishment or any other entity regulated under
4 KRS 217.127 to a nonprofit organization for distribution to the needy;

5 (33) Drugs and over-the counter drugs, as defined in KRS 139.472, that are purchased
6 by a person regularly engaged in the business of farming and used in the treatment
7 of cattle, sheep, goats, swine, poultry, ratite birds, llamas, alpacas, buffalo, aquatic
8 organisms, or cervids;

9 (34) (a) Building materials, fixtures, or supplies purchased by a construction
10 contractor if:

- 11 1. Fulfilled by a construction contract for a sewer or water project with:
 - 12 a. A municipally owned water utility organized under KRS Chapter
13 96;
 - 14 b. A water district or water commission formed or organized under
15 KRS Chapter 74;
 - 16 c. A sanitation district established under KRS Chapter 220 or formed
17 pursuant to KRS Chapter 65;
 - 18 d. A nonprofit corporation created under KRS 58.180 to act on behalf
19 of a governmental agency in the acquisition and financing of
20 public projects;
 - 21 e. Regional wastewater commissions formed under KRS Chapter
22 278;
 - 23 f. A municipally owned joint sewer agency formed under KRS
24 Chapter 76; or
 - 25 g. Any other governmental agency; and
- 26 2. The building materials, fixtures, or supplies:
 - 27 a. Will be permanently incorporated into a structure or improvement

1 to real property, or will be completely consumed, in fulfilling a
2 construction contract for the purpose of furnishing water or sewer
3 services to the general public; and

4 b. Would be exempt if purchased directly by the entities listed in
5 subparagraph 1. of this paragraph.

6 (b) As used in this subsection, "construction contract" means a:

- 7 1. Lump sum contract;
- 8 2. Cost plus contract;
- 9 3. Materials only contract;
- 10 4. Labor and materials contract; or
- 11 5. Any other type of contract.

12 (c) The exemption provided in this subsection shall apply without regard to the
13 payment arrangement between the construction contractor, the retailer, and
14 the entities listed in paragraph (a)1. of this subsection or to the place of
15 delivery for the building materials, fixtures, or supplies;

16 (35) (a) On or after February 25, 2022, the rental of space for meetings, conventions,
17 short-term business uses, entertainment events, weddings, banquets, parties,
18 and other short-term social events, as referenced in KRS 139.200, if the tax
19 established in KRS 139.200 is paid by the primary lessee to the lessor.

20 (b) For the purpose of this subsection, "primary lessee" means the person who
21 leases the space and who has a contract with the lessor of the space only if:

- 22 1. The contract between the lessor and the lessee specifies that the lessee
23 may sublease, subrent, or otherwise sell the space; and
- 24 2. The space is then sublet, subrented, or otherwise sold to exhibitors,
25 vendors, sponsors, or other entities and persons who will use the space
26 associated with the event to be conducted under the primary lease;

27 (36) Prewritten computer software access services sold to or purchased by a retailer that

1 develops prewritten computer software for print technology and uses and sells
 2 prewritten computer software access services for print technology; ~~and~~

3 **(37) (a) Currency or bullion.**

4 **(b) As used in this subsection:**

5 **1. "Bullion":**

6 **a. Means bars, ingots, or coins, which are:**

7 **i. Made of gold, silver, platinum, palladium, or a**
 8 **combination of these metals;**

9 **ii. Valued based on the content of the metal and not its form;**
 10 **and**

11 **iii. Used, or have been used, as a medium of exchange,**
 12 **security, or commodity by any state, the United States**
 13 **government, or a foreign nation; and**

14 **b. Does not include medallions or coins that are incorporated into a**
 15 **pendant or other jewelry; and**

16 **2. "Currency":**

17 **a. Means a coin or currency made of gold, silver, platinum,**
 18 **palladium, or other metal or paper money that is or has been**
 19 **used as legal tender and is sold based on its value as a collectible**
 20 **item rather than the value as a medium of exchange; and**

21 **b. Does not include a coin or currency that has been incorporated**
 22 **into jewelry; and**

23 **(38)**~~(37)~~ Medicinal cannabis as defined in KRS 218B.010 when sold, used, stored, or
 24 consumed in accordance with KRS Chapter 218B.

25 ➔Section 14. KRS 140.040 is amended to read as follows:

26 (1) **As used in this section, "power of appointment":**

27 **(a) Means only a general power of appointment that may be exercised in favor**

1 of:

2 1. The individual holding the power of appointment;

3 2. That individual's estate;

4 3. That individual's creditors; or

5 4. The creditors of that individual's estate;

6 (b) Does not include a power that is:

7 1. Limited by an ascertainable standard relating to the health, education,
 8 maintenance, and support of the individual holding the power of
 9 appointment; or

10 2. Exercisable only by the individual holding the power of appointment
 11 in conjunction with another person having a substantial interest in the
 12 property subject to the power of appointment which is adverse to the
 13 exercise in favor of:

14 a. The individual holding the power of appointment;

15 b. That individual's estate;

16 c. That individual's creditors; or

17 d. The creditors of that individual's estate; and

18 (c) Shall be administered by the Department of Revenue as nearly as
 19 practicable identical to a general power of appointment as defined in 26
 20 U.S.C. sec. 2041(b).

21 (2) (a) Whenever any person exercises~~[shall exercise]~~ a power of appointment
 22 derived from any disposition of property:

23 1. ~~[Whether by will, deed, trust agreement, contract, insurance policy or~~
 24 ~~other instrument; and]~~

25 2. Regardless of when the person exercises the power of
 26 appointment;~~[made,]~~

27 the power of~~[such]~~ appointment shall be deemed a transfer taxable under the

1 provisions of this chapter in the same manner as though the property to which
 2 ~~the~~^[such] appointment relates belonged absolutely to the donee of ~~the~~^[such]
 3 power and had been bequeathed or devised by ~~the~~^[such] donee by will.~~;~~ ~~and~~

4 **(b)** Whenever any person possessing~~[such]~~ a power of appointment ***omits or***
 5 ***fails***~~[so derived shall omit or fail]~~ to exercise the ***power of***
 6 ***appointment***~~[same]~~ in whole or in part, within the time provided therefor, a
 7 transfer taxable under the provisions of this chapter shall be deemed to take
 8 place to the person ~~or persons~~ receiving ~~the~~^[such] property as a result of
 9 ~~the~~^[such] omission or failure to the same extent that ~~the~~^[such] property would
 10 have been subject to taxation if it had passed under the will of the donee ~~of~~
 11 ~~such power~~.

12 **(c)** The time at which ~~a~~^[such] transfer shall be deemed to take place, for the
 13 purpose of taxation, shall be governed by the provisions of subsections (2) to
 14 (4) of this section.

15 (2) **(a)** In the case of a power of appointment which passes to the donee ~~thereof~~ at
 16 the death of the donor, under any instrument:~~;~~ ~~and if the donor dies on or~~
 17 ~~after April 24, 1936,~~

18 **1.** The transfer shall be deemed to take place, for the purpose of taxation,
 19 at the time of the death of the donor; ~~and~~

20 **2.** The assessment ***shall*** be made at that time against the life interest of the
 21 donee and the remainder against the corpus;~~;~~

22 **3.** The value of the property ~~to which the power of appointment relates~~
 23 shall be determined as of the date of the death of the donor; ~~and~~

24 **4.** ***The donee of the property*** shall be taxed at the rates and be subject to
 25 the exemptions in effect at the death of the donor; ~~and~~

26 **5.** The determination of the applicable rates and exemptions, ~~(in effect at~~
 27 the death of the donor,~~)]~~ shall be governed by the relationship of the

1 beneficiary to the donee of the power of appointment.

2 **(b)** In the event the payment of the tax at the death of the donor should operate to
3 provide an exemption for any beneficiary of a donee not authorized by KRS
4 140.080, then ~~the~~^{such} exemption shall be retrospectively disallowed at the
5 time of the death of the donee. ~~It is further provided that~~

6 **(c)** The remainder interest passing under the donee's power of appointment,
7 whether exercised or not, shall be added to and made a part of the
8 distributable share of the donee's estate for the purpose of determining the
9 applicable exemption and rates ~~applicable thereto~~.

10 (3) In all cases other than that described in subsection (2):

11 **(a)** The transfer shall be deemed to take place, for the purpose of taxation, at the
12 time of the death of the donee; ~~In such cases,~~

13 **(b)** The value of the property to which the power of appointment relates shall be
14 determined as of the date of the death of the donee and shall be taxed at the
15 rates and be subject to the exemptions in effect at the death of the donee;
16 and ~~.~~

17 **(c)** The determination of the applicable rates and exemptions, ~~in effect at the~~
18 death of the donee, ~~shall~~ shall be governed by the relationship of the beneficiary
19 to the donee of the power of appointment.

20 (4) **(a)** The provisions of subsection (2) shall not preclude the taxation, at the death of
21 the donee, of any transfer made by means of a power of appointment if
22 ~~the~~^{such} transfer was not in fact reported to or a tax assessed ~~thereon~~ by the
23 Department of Revenue within the period of limitation prescribed by KRS
24 140.160.

25 **(b)** If the transfer by the power of appointment is not ~~so~~ reported or a tax is not
26 assessed ~~thereon~~, the period of limitation prescribed in KRS 140.160 shall
27 not begin to run until the death of the donee of ~~the~~^{such} power of

1 appointment.‡

2 ~~(5) The amendments to this section, adopted by the 1948 General Assembly, shall~~
 3 ~~apply to all powers of appointment whether created before or after the effective date~~
 4 ~~of said amendments. It is the declared intention of the General Assembly to impose~~
 5 ~~a tax upon every transfer of property by means of a power of appointment,~~
 6 ~~regardless of when or how created, and it is the declared intention of the General~~
 7 ~~Assembly that the use of the power of appointment device shall not permit the~~
 8 ~~transfer of property, to which such a power relates, to escape thereby the payment~~
 9 ~~of state inheritance taxes.]~~

10 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 11 READ AS FOLLOWS:

12 (1) As used in this section:

13 (a) "Eligible equipment or services" means the equipment used in the
 14 expansion of broadband services in Kentucky and includes:

15 1. Wires, cables, fiber, conduits, antennas, poles, switches, routers,
 16 amplifiers, rectifiers, repeaters, receivers, multiplexers, transmitters,
 17 circuit cards, insulating and protective materials and cases, power
 18 equipment, backup power equipment, diagnostic equipment, storage
 19 devices, and modems;

20 2. General central office or headend equipment, including:

21 a. Channel cards;

22 b. Frames; and

23 c. Cabinets;

24 3. Equipment used in successor technologies, including items used to
 25 monitor, test, maintain, enable, or facilitate:

26 a. Eligible equipment or services;

27 b. Machinery;

- 1 c. Software;
2 d. Ancillary components;
3 e. Appurtenances; and
4 f. Accessories; and
5 4. Any other infrastructure that is used in whole or in part to provide or
6 expand broadband communications services; and

7 (b) "Qualified broadband investment":

- 8 1. Means the purchase or lease of any eligible equipment or services by
9 any provider that Kentucky sales and use tax has been paid under
10 KRS Chapter 139; and
11 2. Does not include the purchase or lease of personal consumer
12 electronics, including:
13 a. Smartphones;
14 b. Computers;
15 c. Tablets;
16 d. Consumer-grade modems; and
17 e. Routers.

18 (2) For taxable years beginning on or after January 1, 2025, but before January 1,
19 2029, there is hereby created a qualified broadband investment tax credit to
20 provide for the expansion of broadband services in this state.

21 (3) (a) The credit in subsection (2) of this section shall be nonrefundable,
22 nontransferable, and allowed against the tax imposed under KRS 141.020
23 or 141.040 and 141.0401 with the ordering of the credit as provided in
24 Section 16 of this Act.

25 (b) The tax credit shall be equal to the amount of sales tax actually paid on the
26 qualified broadband investment:

27 1. Reduced by the amount of seller reimbursement allowed under KRS

1 139.570; and

2 2. Limited to:

3 a. Fifty percent (50%) of the amount determined under
4 subparagraph 1. of this paragraph for a taxpayer; and

5 b. A total of five million dollars (\$5,000,000) for all tax credits in
6 each taxable year in which the credit is available.

7 (4) (a) Beginning with calendar year 2025, any taxpayer who intends to take the
8 credit for a qualified broadband investment tax credit shall:

9 1. Submit an application for approval to the department on a form
10 prescribed by the department prior to December 31, 2025, and each
11 December 31 thereafter as long as the credit is available; and

12 2. Provide:

13 a. The taxpayer's identification number;

14 b. The amount of sales and use tax that the taxpayer remitted or
15 intends to remit for the qualified broadband investment; and

16 c. A statement of how approval of this tax credit will result in
17 greater investment in this state by:

18 i. Expansion of broadband services;

19 ii. An upgrade to existing broadband infrastructure; or

20 iii. An increase of access to broadband for the residents in this
21 state.

22 (b) The department shall:

23 1. Review all submitted applications no later than January 15, 2026, and
24 each January 15 thereafter as long as the credit is available; and

25 2. By February 1 following the end of the calendar year, provide a letter
26 to the taxpayer indicating approval and amount of tax credit to be
27 awarded.

- 1 (5) A taxpayer approved for credit under subsection (4) of this section shall submit
2 with their return, verification of the sales and use tax remitted on the qualified
3 broadband investment, which may include:
- 4 (a) Receipt of eligible equipment or services purchased; or
5 (b) Lease agreement for eligible equipment or services.
- 6 (6) If the total amount of credits granted approval under subsection (4) of this
7 section exceeds five million dollars (\$5,000,000), each taxpayer shall receive no
8 more than its applicable pro rata share of the five million dollar (\$5,000,000)
9 limit.
- 10 (7) (a) In order for the General Assembly to evaluate the effectiveness of the
11 qualified broadband investment tax credit, the department shall submit the
12 following information to the Legislative Research Commission for referral
13 to the Interim Joint Committee on Appropriations and Revenue on or before
14 November 1, 2026, and on or before each November 1 thereafter as long as
15 the credit may be claimed on a return:
- 16 1. The location of the taxpayer, by county, as reflected on the return filed
17 for the taxable year;
- 18 2. The amount of qualified broadband investment tax credit claimed by
19 the taxpayer for the taxable year;
- 20 3. The total cumulative amount of all qualified broadband investment tax
21 credits claimed for the taxable year;
- 22 4. a. In the case of all taxpayers other than corporations, based on
23 ranges of adjusted gross income of no larger than five thousand
24 dollars (\$5,000) for the taxable year, the total amount of
25 qualified broadband investment tax credit claimed and the total
26 number of returns claiming this tax credit for each income
27 range; and

1 **b. In the case of all corporations, based on ranges of net income no**
2 **larger than fifty thousand dollars (\$50,000) for the taxable year,**
3 **the total amount of tax credit claimed and the number of returns**
4 **claiming a tax credit for each net income range.**

5 **(b) The information required to be reported under this section shall not be**
6 **considered confidential taxpayer information and shall not be subject to**
7 **KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes**
8 **prohibiting disclosure or reporting of information.**

9 ➔Section 16. KRS 141.0205 is amended to read as follows:

10 If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax
11 imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of
12 the credits shall be determined as follows:

13 (1) The nonrefundable business incentive credits against the tax imposed by KRS
14 141.020 shall be taken in the following order:

15 (a) The limited liability entity tax credit permitted by KRS 141.0401;

16 (b) The economic development credits computed under KRS 141.347, 141.381,
17 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and
18 154.12-2088;

19 (c) The qualified farming operation credit permitted by KRS 141.412;

20 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);

21 (e) The health insurance credit permitted by KRS 141.062;

22 (f) The tax paid to other states credit permitted by KRS 141.070;

23 (g) The credit for hiring the unemployed permitted by KRS 141.065;

24 (h) The recycling or composting equipment credit permitted by KRS 141.390;

25 (i) The tax credit for cash contributions in investment funds permitted by KRS
26 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
27 154.20-258;

- 1 (j) The research facilities credit permitted by KRS 141.395;
- 2 (k) The employer High School Equivalency Diploma program incentive credit
3 permitted under KRS 151B.402;
- 4 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 5 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 6 (n) The clean coal incentive credit permitted by KRS 141.428;
- 7 (o) The ethanol credit permitted by KRS 141.4242;
- 8 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 9 (q) The energy efficiency credits permitted by KRS 141.436;
- 10 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 11 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 12 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 13 (u) The distilled spirits credit permitted by KRS 141.389;
- 14 (v) The angel investor credit permitted by KRS 141.396;
- 15 (w) The film industry credit permitted by KRS 141.383 for applications approved
16 on or after April 27, 2018, but before January 1, 2022;
- 17 (x) The inventory credit permitted by KRS 141.408;~~and~~
- 18 (y) The renewable chemical production credit permitted by KRS 141.4231; ***and***
- 19 ***(z) The qualified broadband investment tax credit permitted by Section 15 of***
20 ***this Act;***
- 21 (2) After the application of the nonrefundable credits in subsection (1) of this section,
22 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
23 shall be taken in the following order:
- 24 (a) The individual credits permitted by KRS 141.020(3);
- 25 (b) The credit permitted by KRS 141.066;
- 26 (c) The tuition credit permitted by KRS 141.069;
- 27 (d) The household and dependent care credit permitted by KRS 141.067;

- 1 (e) The income gap credit permitted by KRS 141.066; and
- 2 (f) The Education Opportunity Account Program tax credit permitted by KRS
- 3 141.522;
- 4 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 5 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
- 6 taken in the following order:
- 7 (a) The individual withholding tax credit permitted by KRS 141.350;
- 8 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 9 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 10 171.397(1)(b);
- 11 (d) The film industry tax credit permitted by KRS 141.383 for applications
- 12 approved prior to April 27, 2018, or on or after January 1, 2022;
- 13 (e) The development area tax credit permitted by KRS 141.398;
- 14 (f) The decontamination tax credit permitted by KRS 141.419; and
- 15 (g) The pass-through entity tax credit permitted by KRS 141.209;
- 16 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
- 17 tax imposed by KRS 141.040;
- 18 (5) The following nonrefundable credits shall be applied against the sum of the tax
- 19 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
- 20 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 21 (a) The economic development credits computed under KRS 141.347, 141.381,
- 22 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and
- 23 154.12-2088;
- 24 (b) The qualified farming operation credit permitted by KRS 141.412;
- 25 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 26 (d) The health insurance credit permitted by KRS 141.062;
- 27 (e) The unemployment credit permitted by KRS 141.065;

- 1 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 2 (g) The coal conversion credit permitted by KRS 141.041;
- 3 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
4 ending prior to January 1, 2008;
- 5 (i) The tax credit for cash contributions to investment funds permitted by KRS
6 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
7 154.20-258;
- 8 (j) The research facilities credit permitted by KRS 141.395;
- 9 (k) The employer High School Equivalency Diploma program incentive credit
10 permitted by KRS 151B.402;
- 11 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 12 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 13 (n) The clean coal incentive credit permitted by KRS 141.428;
- 14 (o) The ethanol credit permitted by KRS 141.4242;
- 15 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 16 (q) The energy efficiency credits permitted by KRS 141.436;
- 17 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
18 permitted by KRS 141.437;
- 19 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 20 (t) The railroad expansion credit permitted by KRS 141.386;
- 21 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 22 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 23 (w) The distilled spirits credit permitted by KRS 141.389;
- 24 (x) The film industry credit permitted by KRS 141.383 for applications approved
25 on or after April 27, 2018, but before January 1, 2022;
- 26 (y) The inventory credit permitted by KRS 141.408;
- 27 (z) The renewable chemical production tax credit permitted by KRS 141.4231;†

1 ~~and~~

2 (aa) The Education Opportunity Account Program tax credit permitted by KRS
3 141.522; and

4 **(ab) The qualified broadband investment tax credit permitted by Section 15 of**
5 **this Act; and**

6 (6) After the application of the nonrefundable credits in subsection (5) of this section,
7 the refundable credits shall be taken in the following order:

8 (a) The corporation estimated tax payment credit permitted by KRS 141.044;

9 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
10 171.397(1)(b);

11 (c) The film industry tax credit permitted by KRS 141.383 for applications
12 approved prior to April 27, 2018, or on or after January 1, 2022;

13 (d) The decontamination tax credit permitted by KRS 141.419; and

14 (e) The pass-through entity tax credit permitted by KRS 141.209.

15 ➔Section 17. KRS 131.190 is amended to read as follows:

16 (1) No present or former commissioner or employee of the department, present or
17 former member of a county board of assessment appeals, present or former property
18 valuation administrator or employee, present or former secretary or employee of the
19 Finance and Administration Cabinet, former secretary or employee of the Revenue
20 Cabinet, or any other person, shall intentionally and without authorization inspect
21 or divulge any information acquired by him or her of the affairs of any person, or
22 information regarding the tax schedules, returns, or reports required to be filed with
23 the department or other proper officer, or any information produced by a hearing or
24 investigation, insofar as the information may have to do with the affairs of the
25 person's business.

26 (2) The prohibition established by subsection (1) of this section shall not extend to:

27 (a) Information required in prosecutions for making false reports or returns of

- 1 property for taxation, or any other infraction of the tax laws;
- 2 (b) Any matter properly entered upon any assessment record, or in any way made
3 a matter of public record;
- 4 (c) Furnishing any taxpayer or his or her properly authorized agent with
5 information respecting his or her own return;
- 6 (d) Testimony provided by the commissioner or any employee of the department
7 in any court, or the introduction as evidence of returns or reports filed with the
8 department, in an action for violation of state or federal tax laws or in any
9 action challenging state or federal tax laws;
- 10 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
11 energy resources assessed under KRS 132.820, or owners of surface land
12 under which the unmined minerals lie, factual information about the owner's
13 property derived from third-party returns filed for that owner's property, under
14 the provisions of KRS 132.820, that is used to determine the owner's
15 assessment. This information shall be provided to the owner on a confidential
16 basis, and the owner shall be subject to the penalties provided in KRS
17 131.990(2). The third-party filer shall be given prior notice of any disclosure
18 of information to the owner that was provided by the third-party filer;
- 19 (f) Providing to a third-party purchaser pursuant to an order entered in a
20 foreclosure action filed in a court of competent jurisdiction, factual
21 information related to the owner or lessee of coal, oil, gas reserves, or any
22 other mineral resources assessed under KRS 132.820. The department may
23 promulgate an administrative regulation establishing a fee schedule for the
24 provision of the information described in this paragraph. Any fee imposed
25 shall not exceed the greater of the actual cost of providing the information or
26 ten dollars (\$10);
- 27 (g) Providing information to a licensing agency, the Transportation Cabinet, or

- 1 the Kentucky Supreme Court under KRS 131.1817;
- 2 (h) Statistics of gasoline and special fuels gallonage reported to the department
3 under KRS 138.210 to 138.448;
- 4 (i) Providing any utility gross receipts license tax return information that is
5 necessary to administer the provisions of KRS 160.613 to 160.617 to
6 applicable school districts on a confidential basis;
- 7 (j) Providing documents, data, or other information to a third party pursuant to an
8 order issued by a court of competent jurisdiction; or
- 9 (k) Providing information to the Legislative Research Commission under:
- 10 1. KRS 139.519 for purposes of the sales and use tax refund on building
11 materials used for disaster recovery;
- 12 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 13 3. KRS 141.437 for purposes of the ENERGY STAR home and the
14 ENERGY STAR manufactured home credits;
- 15 4. KRS 141.383 for purposes of the film industry incentives;
- 16 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
17 tax credits and the job assessment fees;
- 18 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 19 7. KRS 141.396 for purposes of the angel investor tax credit;
- 20 8. KRS 141.389 for purposes of the distilled spirits credit;
- 21 9. KRS 141.408 for purposes of the inventory credit;
- 22 10. KRS 141.390 for purposes of the recycling and composting credit;
- 23 11. KRS 141.3841 for purposes of the selling farmer tax credit;
- 24 12. KRS 141.4231 for purposes of the renewable chemical production tax
25 credit;
- 26 13. KRS 141.524 for purposes of the Education Opportunity Account
27 Program tax credit;

- 1 14. KRS 141.398 for purposes of the development area tax credit;
- 2 15. KRS 139.516 for the purposes of the sales and use tax exemption on the
- 3 commercial mining of cryptocurrency;~~and~~
- 4 16. KRS 141.419 for purposes of the decontamination tax credit;and
- 5 **17. Section 15 of this Act for purposes of the qualified broadband**
- 6 **investment tax credit.**

7 (3) The commissioner shall make available any information for official use only and on

8 a confidential basis to the proper officer, agency, board or commission of this state,

9 any Kentucky county, any Kentucky city, any other state, or the federal

10 government, under reciprocal agreements whereby the department shall receive

11 similar or useful information in return.

12 (4) Access to and inspection of information received from the Internal Revenue Service

13 is for department use only, and is restricted to tax administration purposes.

14 Information received from the Internal Revenue Service shall not be made available

15 to any other agency of state government, or any county, city, or other state, and

16 shall not be inspected intentionally and without authorization by any present

17 secretary or employee of the Finance and Administration Cabinet, commissioner or

18 employee of the department, or any other person.

19 (5) Statistics of crude oil as reported to the department under the crude oil excise tax

20 requirements of KRS Chapter 137 and statistics of natural gas production as

21 reported to the department under the natural resources severance tax requirements

22 of KRS Chapter 143A may be made public by the department by release to the

23 Energy and Environment Cabinet, Department for Natural Resources.

24 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map

25 submissions for the 1989 tax year, the department may make public or divulge only

26 those portions of mine maps submitted by taxpayers to the department pursuant to

27 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-

1 out parcel areas. These electronic maps shall not be relied upon to determine actual
2 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
3 required under KRS Chapters 350 and 352 shall not be construed to constitute land
4 surveying or boundary surveys as defined by KRS 322.010 and any administrative
5 regulations promulgated thereto.

6 ➔Section 18. KRS 141.010 is amended to read as follows:

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

- 8 (1) "Adjusted gross income," in the case of taxpayers other than corporations, means
9 the amount calculated in KRS 141.019;
- 10 (2) "Captive real estate investment trust" means a real estate investment trust as defined
11 in Section 856 of the Internal Revenue Code that meets the following requirements:
- 12 (a) 1. The shares or other ownership interests of the real estate investment
13 trust are not regularly traded on an established securities market; or
14 2. The real estate investment trust does not have enough shareholders or
15 owners to be required to register with the Securities and Exchange
16 Commission;
- 17 (b) 1. The maximum amount of stock or other ownership interest that is owned
18 or constructively owned by a corporation equals or exceeds:
- 19 a. Twenty-five percent (25%), if the corporation does not occupy
20 property owned, constructively owned, or controlled by the real
21 estate investment trust; or
22 b. Ten percent (10%), if the corporation occupies property owned,
23 constructively owned, or controlled by the real estate investment
24 trust.

25 The total ownership interest of a corporation shall be determined by
26 aggregating all interests owned or constructively owned by a
27 corporation; and

- 1 2. For the purposes of this paragraph:
- 2 a. "Corporation" means a corporation taxable under KRS 141.040,
- 3 and includes an affiliated group as defined in KRS 141.200, that is
- 4 required to file a consolidated return pursuant to KRS 141.200;
- 5 and
- 6 b. "Owned or constructively owned" means owning shares or having
- 7 an ownership interest in the real estate investment trust, or owning
- 8 an interest in an entity that owns shares or has an ownership
- 9 interest in the real estate investment trust. Constructive ownership
- 10 shall be determined by looking across multiple layers of a
- 11 multilayer pass-through structure; and
- 12 (c) The real estate investment trust is not owned by another real estate investment
- 13 trust;
- 14 (3) "Commissioner" means the commissioner of the department;
- 15 (4) "Corporation" has the same meaning as in Section 7701(a)(3) of the Internal
- 16 Revenue Code;
- 17 (5) "Critical infrastructure" means property and equipment owned or used by
- 18 communications networks, electric generation, transmission or distribution systems,
- 19 gas distribution systems, or water or wastewater pipelines that service multiple
- 20 customers or citizens, including but not limited to real and personal property such
- 21 as buildings, offices, lines, poles, pipes, structures, or equipment;
- 22 (6) "Declared state disaster or emergency" means a disaster or emergency event for
- 23 which:
- 24 (a) The Governor has declared a state of emergency pursuant to KRS 39A.100; or
- 25 (b) A presidential declaration of a federal major disaster or emergency has been
- 26 issued;
- 27 (7) "Department" means the Department of Revenue;

- 1 (8) "Dependent" means those persons defined as dependents in the Internal Revenue
2 Code;
- 3 (9) "Disaster or emergency-related work" means repairing, renovating, installing,
4 building, or rendering services that are essential to the restoration of critical
5 infrastructure that has been damaged, impaired, or destroyed by a declared state
6 disaster or emergency;
- 7 (10) "Disaster response business" means any entity:
- 8 (a) That has no presence in the state and conducts no business in the state, except
9 for disaster or emergency-related work during a disaster response period;
- 10 (b) Whose services are requested by a registered business or by a state or local
11 government for purposes of performing disaster or emergency-related work in
12 the state during a disaster response period; and
- 13 (c) That has no registrations, tax filings, or nexus in this state other than disaster
14 or emergency-related work during the calendar year immediately preceding
15 the declared state disaster or emergency;
- 16 (11) "Disaster response employee" means an employee who does not work or reside in
17 the state, except for disaster or emergency-related work during the disaster response
18 period;
- 19 (12) "Disaster response period" means a period that begins ten (10) days prior to the first
20 day of the Governor's declaration under KRS 39A.100, or the President's
21 declaration of a federal major disaster or emergency, whichever occurs first, and
22 that extends thirty (30) calendar days after the declared state disaster or emergency;
- 23 (13) "Doing business in this state" includes but is not limited to:
- 24 (a) Being organized under the laws of this state;
- 25 (b) Having a commercial domicile in this state;
- 26 (c) Owning or leasing property in this state;
- 27 (d) Having one (1) or more individuals performing services in this state;

- 1 (e) Maintaining an interest in a pass-through entity doing business in this state;
- 2 (f) Deriving income from or attributable to sources within this state, including
- 3 deriving income directly or indirectly from a trust doing business in this state,
- 4 or deriving income directly or indirectly from a single-member limited
- 5 liability company that is doing business in this state and is disregarded as an
- 6 entity separate from its single member for federal income tax purposes; or
- 7 (g) Directing activities at Kentucky customers for the purpose of selling them
- 8 goods or services.

9 Nothing in this subsection shall be interpreted in a manner that goes beyond the

10 limitations imposed and protections provided by the United States Constitution or

11 Pub. L. No. 86-272;

12 (14) "Employee" has the same meaning as in Section 3401(c) of the Internal Revenue

13 Code;

14 (15) "Employer" has the same meaning as in Section 3401(d) of the Internal Revenue

15 Code;

16 (16) "Fiduciary" has the same meaning as in Section 7701(a)(6) of the Internal Revenue

17 Code;

18 (17) "Financial institution" means:

19 (a) A national bank organized as a body corporate and existing or in the process

20 of organizing as a national bank association pursuant to the provisions of the

21 National Bank Act, 12 U.S.C. secs. 21 et seq., in effect on December 31,

22 1997, exclusive of any amendments made subsequent to that date;

23 (b) Any bank or trust company incorporated or organized under the laws of any

24 state, except a banker's bank organized under KRS 286.3-135;

25 (c) Any corporation organized under the provisions of 12 U.S.C. secs. 611 to 631,

26 in effect on December 31, 1997, exclusive of any amendments made

27 subsequent to that date, or any corporation organized after December 31,

1 1997, that meets the requirements of 12 U.S.C. secs. 611 to 631, in effect on
2 December 31, 1997; or

3 (d) Any agency or branch of a foreign depository as defined in 12 U.S.C. sec.
4 3101, in effect on December 31, 1997, exclusive of any amendments made
5 subsequent to that date, or any agency or branch of a foreign depository
6 established after December 31, 1997, that meets the requirements of 12 U.S.C.
7 sec. 3101 in effect on December 31, 1997;

8 (18) "Fiscal year" has the same meaning as in Section 7701(a)(24) of the Internal
9 Revenue Code;

10 (19) "Gross income":

11 (a) In the case of taxpayers other than corporations, has the same meaning as in
12 Section 61 of the Internal Revenue Code; and

13 (b) In the case of corporations, means the amount calculated in KRS 141.039;

14 (20) "Individual" means a natural person;

15 (21) "Internal Revenue Code" means for taxable years beginning on or after January 1,
16 2024~~[2023]~~, the Internal Revenue Code in effect on December 31, 2023~~[2022]~~,
17 exclusive of any amendments made subsequent to that date, other than amendments
18 that extend provisions in effect on December 31, 2023~~[2022]~~, that would otherwise
19 terminate;

20 (22) "Limited liability pass-through entity" means any pass-through entity that affords
21 any of its partners, members, shareholders, or owners, through function of the laws
22 of this state or laws recognized by this state, protection from general liability for
23 actions of the entity;

24 (23) "Modified gross income" means the greater of:

25 (a) Adjusted gross income as defined in 26 U.S.C. sec. 62, including any
26 amendments in effect on December 31 of the taxable year, and adjusted as
27 follows:

- 1 1. Include interest income derived from obligations of sister states and
2 political subdivisions thereof; and
- 3 2. Include lump-sum pension distributions taxed under the special
4 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or
- 5 (b) Adjusted gross income as defined in subsection (1) of this section and
6 adjusted to include lump-sum pension distributions taxed under the special
7 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);
- 8 (24) "Net income":
- 9 (a) In the case of taxpayers other than corporations, means the amount calculated
10 in KRS 141.019; and
- 11 (b) In the case of corporations, means the amount calculated in KRS 141.039;
- 12 (25) "Nonresident" means any individual not a resident of this state;
- 13 (26) "Number of withholding exemptions claimed" means the number of withholding
14 exemptions claimed in a withholding exemption certificate in effect under KRS
15 141.325, except that if no such certificate is in effect, the number of withholding
16 exemptions claimed shall be considered to be zero;
- 17 (27) "Part-year resident" means any individual that has established or abandoned
18 Kentucky residency during the calendar year;
- 19 (28) "Pass-through entity" means any partnership, S corporation, limited liability
20 company, limited liability partnership, limited partnership, or similar entity
21 recognized by the laws of this state that is not taxed for federal purposes at the
22 entity level, but instead passes to each partner, member, shareholder, or owner their
23 proportionate share of income, deductions, gains, losses, credits, and any other
24 similar attributes;
- 25 (29) "Payroll period" has the same meaning as in Section 3401(b) of the Internal
26 Revenue Code;
- 27 (30) "Person" has the same meaning as in Section 7701(a)(1) of the Internal Revenue

1 Code;

2 (31) "Registered business" means a business entity that owns or otherwise possesses
3 critical infrastructure and that is registered to do business in the state prior to the
4 declared state disaster or emergency;

5 (32) "Resident" means an individual domiciled within this state or an individual who is
6 not domiciled in this state, but maintains a place of abode in this state and spends in
7 the aggregate more than one hundred eighty-three (183) days of the taxable year in
8 this state;

9 (33) "S corporation" has the same meaning as in Section 1361(a) of the Internal Revenue
10 Code;

11 (34) "State" means a state of the United States, the District of Columbia, the
12 Commonwealth of Puerto Rico, or any territory or possession of the United States;

13 (35) "Taxable net income":

14 (a) In the case of corporations that are taxable in this state, means "net income" as
15 defined in subsection (24) of this section;

16 (b) In the case of corporations that are taxable in this state and taxable in another
17 state, means "net income" as defined in subsection (24) of this section and as
18 allocated and apportioned under KRS 141.120;

19 (c) For homeowners' associations as defined in Section 528(c) of the Internal
20 Revenue Code, means "taxable income" as defined in Section 528(d) of the
21 Internal Revenue Code. Notwithstanding the provisions of subsection (21) of
22 this section, the Internal Revenue Code sections referred to in this paragraph
23 shall be those code sections in effect for the applicable tax year; and

24 (d) For a corporation that meets the requirements established under Section 856
25 of the Internal Revenue Code to be a real estate investment trust, means "real
26 estate investment trust taxable income" as defined in Section 857(b)(2) of the
27 Internal Revenue Code, except that a captive real estate investment trust shall

1 not be allowed any deduction for dividends paid;

2 (36) "Taxable year" means the calendar year or fiscal year ending during such calendar
3 year, upon the basis of which net income is computed, and in the case of a return
4 made for a fractional part of a year under the provisions of this chapter or under
5 administrative regulations prescribed by the commissioner, "taxable year" means
6 the period for which the return is made; and

7 (37) "Wages" has the same meaning as in Section 3401(a) of the Internal Revenue Code
8 and includes other income subject to withholding as provided in Section 3401(f)
9 and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code.

10 ➔Section 19. KRS 141.020 is amended to read as follows:

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

15 (2) (a) As used in this subsection:

16 1. "Balance in the BRTF at the end of a fiscal year" means the budget
17 reserve trust fund account established in KRS 48.705 and includes the
18 following amounts and actions resulting from the final close of the fiscal
19 year:

20 a. The amount of moneys in the fund at the end of a fiscal year;
21 b. All close-out actions related to a budget reduction plan under KRS
22 48.130 or as modified in a branch budget bill; and
23 c. All close-out actions related to the surplus expenditure plan under
24 KRS 48.140 or as modified in a branch budget bill;

25 2. "GF appropriations" means the authorization by the General Assembly
26 to expend GF moneys, excluding:

27 a. Continuing appropriations;

- 1 b. Any appropriation to the budget reserve trust fund;~~and~~
- 2 c. Any lump-sum appropriation to a state-administered retirement
- 3 system, as defined in KRS 7A.210, that is in excess of the
- 4 appropriations specifically budgeted to meet the recurring
- 5 statutorily required contributions or recurring actuarially
- 6 determined contributions for a state-administered retirement
- 7 system under KRS 21.525, 61.565, 61.702, 78.635, 78.5536, or
- 8 161.550, as applicable; and
- 9 **d. Any appropriation from the budget reserve trust fund account**
- 10 **established in KRS 48.705 that is:**
- 11 **i. Solely supported by moneys from the budget reserve trust**
- 12 **fund account; and**
- 13 **ii. Specifically identified in the appropriation language as not**
- 14 **being a GF appropriation for the purposes of this section;**
- 15 3. "GF moneys" means receipts deposited in the general fund defined in
- 16 KRS 48.010, excluding tobacco moneys deposited in the fund
- 17 established in KRS 248.654;
- 18 4. "IIT equivalent" means the amount of reduction in GF moneys resulting
- 19 from a one (1) percentage point reduction to the individual income tax
- 20 rate and shall be calculated by dividing the actual individual income tax
- 21 receipts for the fiscal year under consideration by:
- 22 a. The sum of:
- 23 i. The individual income tax rate, expressed as a percentage,
- 24 for the first six (6) months of the fiscal year; and
- 25 ii. The individual income tax rate, expressed as a percentage,
- 26 for the second six (6) months of the fiscal year; and
- 27 b. Dividing the sum determined in subdivision a. of this

1 subparagraph by two (2);

2 5. "Reduction conditions" means:

3 a. The balance in the BRTF at the end of a fiscal year shall be equal
4 to or greater than ten percent (10%) of the GF moneys for that
5 fiscal year; and

6 b. GF moneys at the end of a fiscal year shall be equal to or greater
7 than GF appropriations for that fiscal year plus the IIT equivalent
8 for that fiscal year; and

9 6. "Tax rate reduction" means the current tax rate minus five-tenths of one
10 percent (0.5%).

11 (b) For taxable years beginning on or after January 1, 2023, but prior to January
12 1, 2024, the tax shall be four and one-half percent (4.5%) of net income.

13 (c) For taxable years beginning on or after January 1, 2024, the tax shall be four
14 percent (4%) of net income.

15 (d) 1. For taxable years beginning on or after January 1, 2025, the income tax
16 rate may be reduced according to the annual process established in
17 subparagraphs 2. to 5. of this paragraph.

18 2. The Office of State Budget Director shall review the reduction
19 conditions for the fiscal year 2022-2023 no later than September 1,
20 2023.

21 3. After reviewing the reduction conditions under subparagraph 2. of this
22 paragraph, the Office of State Budget Director shall, no later than
23 September 5, 2023, report to the Interim Joint Committee on
24 Appropriations and Revenue:

25 a. Whether the reduction conditions for the fiscal year 2022-2023
26 have been met; and

27 b. The amounts associated with each item within the reduction

- 1 conditions used for making that determination.
- 2 4. a. If the reduction conditions have been met for fiscal year 2022-
- 3 2023, the General Assembly may take action to reduce the rate in
- 4 paragraph (c) of this subsection for the taxable year beginning
- 5 January 1, 2025.
- 6 b. If the reduction conditions have not been met for fiscal year 2022-
- 7 2023 or the General Assembly does not take action to reduce the
- 8 rate in paragraph (c) of this subsection, the department shall
- 9 maintain the rate in paragraph (c) of this subsection for the taxable
- 10 year beginning January 1, 2025.
- 11 5. a. The Office of State Budget Director shall implement an annual
- 12 process to review and report future reduction conditions at the
- 13 same time and in the same manner for each fiscal year subsequent
- 14 to the fiscal year 2022-2023 and each taxable year subsequent to
- 15 the taxable year beginning January 1, 2025.
- 16 b. The department shall not implement an income tax rate reduction
- 17 without an action by the General Assembly.
- 18 c. The annual process shall continue until the income tax rate is zero.
- 19 (e) For taxable years beginning on or after January 1, 2018, but before January 1,
- 20 2023, the tax shall be five percent (5%) of net income.
- 21 (f) For taxable years beginning after December 31, 2004, and before January 1,
- 22 2018, the tax shall be determined by applying the following rates to net
- 23 income:
- 24 1. Two percent (2%) of the amount of net income up to three thousand
- 25 dollars (\$3,000);
- 26 2. Three percent (3%) of the amount of net income over three thousand
- 27 dollars (\$3,000) and up to four thousand dollars (\$4,000);

- 1 3. Four percent (4%) of the amount of net income over four thousand
2 dollars (\$4,000) and up to five thousand dollars (\$5,000);
 - 3 4. Five percent (5%) of the amount of net income over five thousand
4 dollars (\$5,000) and up to eight thousand dollars (\$8,000);
 - 5 5. Five and eight-tenths percent (5.8%) of the amount of net income over
6 eight thousand dollars (\$8,000) and up to seventy-five thousand dollars
7 (\$75,000); and
 - 8 6. Six percent (6%) of the amount of net income over seventy-five
9 thousand dollars (\$75,000).
- 10 (3) (a) The following tax credits, when applicable, shall be deducted from the result
11 obtained under subsection (2) of this section to arrive at the annual tax:
- 12 1. a. For taxable years beginning before January 1, 2014, twenty dollars
13 (\$20) for an unmarried individual; and
 - 14 b. For taxable years beginning on or after January 1, 2014, and
15 before January 1, 2018, ten dollars (\$10) for an unmarried
16 individual;
 - 17 2. a. For taxable years beginning before January 1, 2014, twenty dollars
18 (\$20) for a married individual filing a separate return and an
19 additional twenty dollars (\$20) for the spouse of taxpayer if a
20 separate return is made by the taxpayer and if the spouse, for the
21 calendar year in which the taxable year of the taxpayer begins, had
22 no Kentucky gross income and is not the dependent of another
23 taxpayer; or forty dollars (\$40) for married persons filing a joint
24 return, provided neither spouse is the dependent of another
25 taxpayer. The determination of marital status for the purpose of
26 this section shall be made in the manner prescribed in Section 153
27 of the Internal Revenue Code; and

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

1 close of the taxable year;

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

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

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

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

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

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

1 Revenue Code.

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

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

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

23 ➔Section 20. KRS 141.039 is amended to read as follows:

24 In the case of corporations:

25 (1) Gross income shall be calculated by adjusting federal gross income as defined in
26 Section 61 of the Internal Revenue Code as follows:

27 (a) Exclude income that is exempt from state taxation by the Kentucky

- 1 Constitution and the Constitution and statutory laws of the United States;
- 2 (b) Exclude all dividend income;
- 3 (c) Include interest income derived from obligations of sister states and political
4 subdivisions thereof;
- 5 (d) Exclude fifty percent (50%) of gross income derived from any disposal of
6 coal covered by Section 631(c) of the Internal Revenue Code if the
7 corporation does not claim any deduction for percentage depletion, or for
8 expenditures attributable to the making and administering of the contract
9 under which such disposition occurs or to the preservation of the economic
10 interests retained under such contract;
- 11 (e) Include the amount calculated under KRS 141.205;
- 12 (f) Ignore the provisions of Section 281 of the Internal Revenue Code in
13 computing gross income;
- 14 (g) Include the amount of depreciation deduction calculated under 26 U.S.C. sec.
15 167 or 168;
- 16 (h) Allow the same treatment allowed under Pub. L. No. 116-260, secs. 276 and
17 278, related to the tax treatment of forgiven covered loans, deductions
18 attributable to those loans, and tax attributes associated with those loans for
19 taxable years ending on or after March 27, 2020, but before January 1, 2022;
20 and
- 21 (i) For taxable years beginning on or after January 1, 2020, but before March 11,
22 2023, allow the same treatment of restaurant revitalization grants in
23 accordance with Pub. L. No. 117-2, sec. 9673 and 15 U.S.C. sec. 9009c,
24 related to the tax treatment of the grants, deductions attributable to those
25 grants, and tax attributes associated with those grants; and
- 26 (2) Net income shall be calculated by subtracting from gross income:
- 27 (a) The deduction for depreciation allowed by KRS 141.0101;

- 1 (b) Any amount paid for vouchers or similar instruments that provide health
2 insurance coverage to employees or their families;
- 3 (c) All the deductions from gross income allowed corporations by Chapter 1 of
4 the Internal Revenue Code, as modified by KRS 141.0101, except:
- 5 1. Any deduction for a state tax which is computed, in whole or in part, by
6 reference to gross or net income and which is paid or accrued to any
7 state of the United States, the District of Columbia, the Commonwealth
8 of Puerto Rico, any territory or possession of the United States, or to any
9 foreign country or political subdivision thereof;
 - 10 2. The deductions contained in Sections 243, 245, and 247 of the Internal
11 Revenue Code;
 - 12 3. The provisions of Section 281 of the Internal Revenue Code shall be
13 ignored in computing net income;
 - 14 4. Any deduction directly or indirectly allocable to income which is either
15 exempt from taxation or otherwise not taxed under the provisions of this
16 chapter, except for deductions allowed under Pub. L. No. 116-260, secs.
17 276 and 278, related to the tax treatment of forgiven covered loans and
18 deductions attributable to those loans for taxable years ending on or
19 after March 27, 2020, but before January 1, 2022; and deductions
20 allowed under Pub. L. No. 117-2, sec. 9673 and 15 U.S.C. sec. 9009c,
21 related to the tax treatment of restaurant revitalization grants and
22 deductions attributable to those grants for taxable years beginning on or
23 after January 1, 2020, but before March 11, 2023. Nothing in this
24 chapter shall be construed to permit the same item to be deducted more
25 than once;
 - 26 5. Any deduction for amounts paid to any club, organization, or
27 establishment which has been determined by the courts or an agency

1 established by the General Assembly and charged with enforcing the
2 civil rights laws of the Commonwealth, not to afford full and equal
3 membership and full and equal enjoyment of its goods, services,
4 facilities, privileges, advantages, or accommodations to any person
5 because of race, color, religion, national origin, or sex, except nothing
6 shall be construed to deny a deduction for amounts paid to any religious
7 or denominational club, group, or establishment or any organization
8 operated solely for charitable or educational purposes which restricts
9 membership to persons of the same religion or denomination in order to
10 promote the religious principles for which it is established and
11 maintained;

12 6. Any deduction prohibited by KRS 141.205; and
13 7. Any dividends-paid deduction of any captive real estate investment
14 trust; and

15 (d) 1. A deferred tax deduction in an amount computed in accordance with this
16 paragraph.

17 2. For purposes of this paragraph:

18 a. "Net deferred tax asset" means that deferred tax assets exceed the
19 deferred tax liabilities of the combined group, as computed in
20 accordance with accounting principles generally accepted in the
21 United States of America; and

22 b. "Net deferred tax liability" means deferred tax liabilities that
23 exceed the deferred tax assets of a combined group as defined in
24 KRS 141.202, as computed in accordance with accounting
25 principles generally accepted in the United States of America.

26 3. Only publicly traded companies, including affiliated corporations
27 participating in the filing of a publicly traded company's financial

1 statements prepared in accordance with accounting principles generally
2 accepted in the United States of America, as of January 1, 2019, shall be
3 eligible for this deduction.

4 4. If the provisions of KRS 141.202 result in an aggregate increase to the
5 member's net deferred tax liability, an aggregate decrease to the
6 member's net deferred tax asset, or an aggregate change from a net
7 deferred tax asset to a net deferred tax liability, the combined group
8 shall be entitled to a deduction, as determined in this paragraph.

9 5. For ten (10) years beginning with the combined group's first taxable
10 year beginning on or after January 1, ~~2026~~[2024], a combined group
11 shall be entitled to a deduction from the combined group's entire net
12 income equal to one-tenth (1/10) of the amount necessary to offset the
13 increase in the net deferred tax liability, decrease in the net deferred tax
14 asset, or aggregate change from a net deferred tax asset to a net deferred
15 tax liability. The increase in the net deferred tax liability, decrease in the
16 net deferred tax asset, or the aggregate change from a net deferred tax
17 asset to a net deferred tax liability shall be computed based on the
18 change that would result from the imposition of the combined reporting
19 requirement under KRS 141.202, but for the deduction provided under
20 this paragraph as of June 27, 2019.

21 6. The deferred tax impact determined in subparagraph 5. of this paragraph
22 shall be converted to the annual deferred tax deduction amount, as
23 follows:

24 a. The deferred tax impact determined in subparagraph 5. of this
25 paragraph shall be divided by the tax rate determined under KRS
26 141.040;

27 b. The resulting amount shall be further divided by the

1 apportionment factor determined by KRS 141.120 or 141.121 that
2 was used by the combined group in the calculation of the deferred
3 tax assets and deferred tax liabilities as described in subparagraph
4 5. of this paragraph; and

5 c. The resulting amount represents the total net deferred tax
6 deduction available over the ten (10) year period as described in
7 subparagraph 5. of this paragraph.

8 7. The deduction calculated under this paragraph shall not be adjusted as a
9 result of any events happening subsequent to the calculation, including
10 but not limited to any disposition or abandonment of assets. The
11 deduction shall be calculated without regard to the federal tax effect and
12 shall not alter the tax basis of any asset. If the deduction under this
13 section is greater than the combined group's entire Kentucky net income,
14 any excess deduction shall be carried forward and applied as a deduction
15 to the combined group's entire net income in future taxable years until
16 fully utilized.

17 8. Any combined group intending to claim a deduction under this
18 paragraph shall file a statement with the department on or before July 1,
19 2019. The statement shall specify the total amount of the deduction
20 which the combined group claims on the form, including calculations
21 and other information supporting the total amounts of the deduction as
22 required by the department. No deduction shall be allowed under this
23 paragraph for any taxable year, except to the extent claimed on the
24 timely filed statement in accordance with this paragraph.

25 ➔Section 21. KRS 143.022 is amended to read as follows:

26 (1) A taxpayer engaged in severing or processing coal within this Commonwealth that
27 has paid the tax imposed under KRS 143.020 may apply for a refund equal to the

1 amount of tax paid under KRS 143.020 if the coal is transported directly to a market
2 outside of North America.

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

7 (3) The refund process allowed under subsection (1) of this section is available
8 beginning on or after August 1, 2020, but before July 1, ~~2028~~²⁰²⁴, and limited
9 during any calendar year to the export of a combined total of ten million
10 (10,000,000) tons of coal subject to the tax imposed under KRS 143.020 and
11 exported through United States coal export terminals to markets outside of North
12 America.

13 ➔Section 22. KRS 186.010 is amended to read as follows:

14 As used in this chapter, unless otherwise indicated:

15 (1) "Cabinet," as used in KRS 186.400 to 186.640, means the Transportation Cabinet;
16 except as specifically designated, "cabinet," as used in KRS 186.020 to 186.270,
17 means the Transportation Cabinet only with respect to motor vehicles, other than
18 commercial vehicles; "cabinet," as used in KRS 186.020 to 186.270, means the
19 Department of Vehicle Regulation when used with respect to commercial vehicles;

20 (2) "Highway" means every way or place of whatever nature when any part of it is
21 open to the use of the public, as a matter of right, license, or privilege, for the
22 purpose of vehicular traffic;

23 (3) "Manufacturer" means any person engaged in manufacturing motor vehicles who
24 will, under normal conditions during the year, manufacture or assemble at least ten
25 (10) new motor vehicles;

26 (4) "Motor vehicle" means in KRS 186.020 to 186.260, all vehicles, as defined in
27 paragraph (a) of subsection (8) of this section, which are propelled otherwise than

1 by muscular power. As used in KRS 186.400 to 186.640, it means all vehicles, as
2 defined in paragraph (b) of subsection (8) of this section, which are self-propelled.
3 "Motor vehicle" shall not include a moped as defined in this section, but for
4 registration purposes shall include low-speed vehicles and military surplus vehicles
5 as defined in this section and vehicles operating under KRS 189.283;

6 (5) "Moped" means either a motorized bicycle whose frame design may include one (1)
7 or more horizontal crossbars supporting a fuel tank so long as it also has pedals, or
8 a motorized bicycle with a step-through type frame which may or may not have
9 pedals rated no more than two (2) brake horsepower, a cylinder capacity not
10 exceeding fifty (50) cubic centimeters, an automatic transmission not requiring
11 clutching or shifting by the operator after the drive system is engaged, and capable
12 of a maximum speed of not more than thirty (30) miles per hour;

13 (6) "Operator" means any person in actual control of a motor vehicle upon a highway;

14 (7) (a) "Owner" means a person who holds the legal title of a vehicle or a person who
15 pursuant to a bona fide sale has received physical possession of the vehicle
16 subject to any applicable security interest.

17 (b) A vehicle is the subject of an agreement for the conditional sale or lease, with
18 the vendee or lessee entitled to possession of the vehicle, upon performance of
19 the contract terms, for a period of three hundred sixty-five (365) days or more
20 and with the right of purchase upon performance of the conditions stated in
21 the agreement and with an immediate right of possession vested in the
22 conditional vendee or lessee, or if a mortgagor of a vehicle is entitled to
23 possession, the conditional vendee or lessee or mortgagor shall be deemed the
24 owner.

25 (c) A licensed motor vehicle dealer who transfers physical possession of a motor
26 vehicle to a purchaser pursuant to a bona fide sale, and complies with the
27 requirements of KRS 186A.220, shall not be deemed the owner of that motor

1 vehicle solely due to an assignment to his dealership or a certificate of title in
2 the dealership's name. Rather, under these circumstances, ownership shall
3 transfer upon delivery of the vehicle to the purchaser, subject to any
4 applicable security interest;

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

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

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

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

25 (11) "Commercial vehicles" means all motor vehicles that are required to be registered
26 under the terms of KRS 186.050, but not including vehicles primarily designed for
27 carrying passengers and having provisions for not more than nine (9) passengers

1 (including driver), motorcycles, sidecar attachments, pickup trucks and passenger
2 vans which are not being used for commercial or business purposes, and motor
3 vehicles registered under KRS 186.060;

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

9 (13) "Special status individual" means:

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

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

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

24 (d) "Paroled in the Public Interest" means any person lawfully present in the
25 United States who possesses an I-94 card issued by the United States
26 Department of Justice, Immigration and Naturalization Service, on which it
27 states "paroled pursuant to Section 212 of the Immigration & Nationality Act

- 1 for an indefinite period of time";
- 2 (14) "Instruction permit" includes both motor vehicle instruction permits and motorcycle
3 instruction permits;
- 4 (15) "Motorcycle" means any motor driven vehicle that has a maximum speed that
5 exceeds fifty (50) miles per hour, has a seat or saddle for the use of the operator,
6 and is designed to travel on not more than three (3) wheels in contact with the
7 ground, including vehicles on which the operator and passengers ride in an enclosed
8 cab. Only for purposes of registration, "motorcycle" shall include a motor scooter,
9 an alternative-speed motorcycle, and an autocycle as defined in this section, but
10 shall not include a tractor or a moped as defined in this section;
- 11 (16) "Low-speed vehicle" means a motor vehicle that:
- 12 (a) Is self-propelled using an electric motor, combustion-driven motor, or a
13 combination thereof;
- 14 (b) Is four (4) wheeled; and
- 15 (c) Is designed to operate at a speed not to exceed twenty-five (25) miles per hour
16 as certified by the manufacturer;
- 17 (17) "Alternative-speed motorcycle" means a motorcycle that:
- 18 (a) Is self-propelled using an electric motor;
- 19 (b) Is three (3) wheeled;
- 20 (c) Has a fully enclosed cab and includes at least one (1) door for entry;
- 21 (d) Is designed to operate at a speed not to exceed forty (40) miles per hour as
22 certified by the manufacturer; and
- 23 (e) Is not an autocycle as defined in this section;
- 24 (18) "Multiple-vehicle driving range" means an enclosed area that is not part of a
25 highway or otherwise open to the public on which a number of motor vehicles may
26 be used simultaneously to provide driver training under the supervision of one (1)
27 or more driver training instructors;

- 1 (19) "Autocycle" means any motor vehicle that:
- 2 (a) Is equipped with a seat that does not require the operator to straddle or sit
- 3 astride it;
- 4 (b) Is designed to travel on three (3) wheels in contact with the ground;
- 5 (c) Is designed to operate at a speed that exceeds forty (40) miles per hour as
- 6 certified by the manufacturer;
- 7 (d) Allows the operator and passenger to ride either side-by-side or in tandem in a
- 8 seating area that may be enclosed with a removable or fixed top;
- 9 (e) Is equipped with a three (3) point safety belt system;
- 10 (f) May be equipped with a manufacturer-installed air bags or a roll cage;
- 11 (g) Is designed to be controlled with a steering wheel and pedals; and
- 12 (h) Is not an alternative-speed motorcycle as defined in this section;
- 13 (20) "Military surplus vehicle" means a multipurpose wheeled surplus military vehicle
- 14 that:
- 15 (a) Is not operated using continuous tracks;
- 16 (b) Was originally manufactured for and sold directly to the Armed Forces of the
- 17 United States; and
- 18 (c) Was originally manufactured under the federally mandated requirements set
- 19 forth in 49 C.F.R. sec. 571.7;
- 20 (21) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,
- 21 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid
- 22 species;
- 23 (22) "Identity document" means an instruction permit, operator's license, or personal
- 24 identification card issued under KRS 186.4102, 186.412, 186.4121, 186.4122, and
- 25 186.4123 or a commercial driver's license issued under KRS Chapter 281A;
- 26 (23) "Travel ID," as it refers to an identity document, means a document that complies
- 27 with Pub. L. No. 109-13, Title II;

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

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

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

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

- 13 (a) Battery or equivalent energy storage device that can be charged with an
14 electric plug using an external electricity source; or
- 15 (b) Combination of an internal combustion engine and electric motor; and

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

- 18 (a) An electric motor only; or
- 19 (b) A combination of an internal combustion engine and electric power;
20 ~~and~~

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

24 ➔Section 23. KRS 186.050 is amended to read as follows:

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

- 26 (a) Motor vehicles, including pickup trucks and passenger vans; and
- 27 (b) Motor carrier vehicles, as defined in KRS 281.010, primarily designed for

1 carrying passengers or passengers for hire and having been designed or
2 constructed to transport not more than fifteen (15) passengers, including the
3 operator.

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

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

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

Declared Gross Weight of Vehicle and Any Towed Unit	Registration Fee
10,001-14,000	30.00
14,001-18,000	50.00
18,001-22,000	132.00
22,001-26,000	160.00
26,001-32,000	216.00
32,001-38,000	300.00
38,001-44,000	474.00
44,001-55,000	669.00

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

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

- 1 (b) Any farmer owning a truck having a declared gross weight in excess of thirty-
2 eight thousand (38,000) pounds shall not be required to pay the fee set out in
3 subsection (3) of this section and, in lieu thereof, shall pay forty percent
4 (40%) of the fee set out in subsection (3) of this section and shall be exempt
5 from any fee charged under the provisions of KRS 281.752. The applicant's
6 signature upon the registration receipt shall be considered to be a certification
7 that he is a farmer engaged solely in the production of crops, livestock, or
8 dairy products, and that during the current registration year the truck will be
9 used only in transporting persons, food, provender, feed, and machinery used
10 in operating his farm and the products grown on his farm.
- 11 (c) An initial applicant for, or an applicant renewing, his or her registration
12 pursuant to this subsection, may at the time of application make a voluntary
13 contribution to be deposited into the agricultural program trust fund
14 established in KRS 246.247. The recommended voluntary contribution shall
15 be set at ten dollars (\$10) and automatically added to the cost of registration
16 or renewal unless the individual registering or renewing the vehicle opts out
17 of contributing the recommended amount. The county clerk shall collect and
18 forward the voluntary contribution to the cabinet for distribution to the
19 Department of Agriculture.
- 20 (5) Any person owning a truck or bus used solely in transporting school children and
21 school employees may have the truck or bus registered as a school bus and obtain a
22 license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in
23 addition to other information required, an affidavit stating that the truck or bus is
24 used solely in the transportation of school children and persons employed in the
25 schools of the district, that he has caused to be printed on each side of the truck or
26 bus and on the rear door the words "School Bus" in letters at least six (6) inches
27 high, and of a conspicuous color, and the truck or bus will be used during the next

- 1 twelve (12) months only for the purpose stated.
- 2 (6) Any church or religious organization owning a truck or bus used solely in
3 transporting persons to and from a place of worship or for other religious work may
4 have the truck or bus registered as a church bus and obtain a license for eleven
5 dollars and fifty cents (\$11.50) by filing with the county clerk, in addition to other
6 information required, an affidavit stating that the truck or bus will be used only for
7 the transporting of persons to and from a place of worship, or for other religious
8 work, and that there has been printed on the truck or bus in large letters the words
9 "Church Bus," with the name of the church or religious organization owning and
10 using the truck or bus, and that during the next twelve (12) months the truck or bus
11 will be used only for the purpose stated.
- 12 (7) Any person owning a motor vehicle with a gross weight of fourteen thousand
13 (14,000) pounds or less on which a wrecker crane or other equipment suitable for
14 wrecker service has been permanently mounted may register the vehicle and obtain
15 a license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in
16 addition to other information required, an affidavit that a wrecker crane or other
17 equipment suitable for wrecker service has been permanently mounted on such
18 vehicle and that during the next twelve (12) months the vehicle will be used only in
19 wrecker service. If the gross weight of the vehicle exceeds fourteen thousand
20 (14,000) pounds, the vehicle shall be registered in accordance with subsection (3) of
21 this section. The gross weight of a vehicle used in wrecker service shall not include
22 the weight of the vehicle being towed by the wrecker.
- 23 (8) Motor vehicles having a declared gross weight in excess of eighteen thousand
24 (18,000) pounds, which when operated in this state are used exclusively for the
25 transportation of property within the limits of the city named in the affidavit
26 hereinafter required to be filed, or within ten (10) miles of the city limits of the city
27 if it is a city with a population equal to or greater than three thousand (3,000) based

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 electric vehicle ownership fees imposed in KRS 138.475.

2 ➔Section 24. KRS 138.475 is amended to read as follows:

3 (1) As used in this section:

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

- 6 1. Battery or equivalent energy storage device that can be charged with an
7 electric plug using an external electricity source; or
- 8 2. Combination of an internal combustion engine and electric motor; and

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

- 11 1. An electric motor only; or
- 12 2. A combination of an internal combustion engine and electric
13 power[; and

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

17 (2) At the time of initial registration, and each year upon annual vehicle registration
18 renewal, the county clerk shall collect, as required under KRS 186.050, from the
19 registrants of electric motorcycles and[; and hybrid vehicles] the
20 electric vehicle ownership fees established under subsections (3) and (4) of this
21 section.

22 (3) The electric vehicle ownership fees shall be:

- 23 (a) One hundred twenty dollars (\$120) for electric vehicles; and
- 24 (b) Sixty dollars (\$60) for electric motorcycles[or hybrid vehicles].

25 (4) The Department of Revenue shall adjust the fees established in subsection (3) of
26 this section, on the same schedule and in the same manner as the adjustments to the
27 electric vehicle power taxes under KRS 138.477, except that:

- 1 (a) Adjustment to the fees shall be rounded to the nearest dollar; and
- 2 (b) Any adjustment of fees shall not result in a decrease below the base fees
- 3 established in subsection (3) of this section.

4 (5) The electric vehicle ownership fees collected under this section shall be transferred
 5 to the road fund.

6 ➔Section 25. KRS 186.531 is amended to read as follows:

7 (1) As used in this section:

- 8 (a) "GF" means the general fund;
- 9 (b) "IP" means instruction permit;
- 10 (c) "License Fund" or "LF" means the KYTC photo license account created in
- 11 KRS 174.056;
- 12 (d) "MC" means motorcycle;
- 13 (e) "MC Fund" or "MCF" means the motorcycle safety education program fund
- 14 established in KRS 176.5065;
- 15 (f) "OL" means operator's license; and
- 16 (g) "PIDC" means personal identification card.

17 (2) The fees imposed for voluntary travel ID operator's licenses, instruction permits,
 18 and personal identification cards shall be as follows. The fees received shall be
 19 distributed as shown in the table. The fees shown, unless otherwise noted, are for an
 20 eight (8) year period:

21 Card Type	Fee	LF	GF	MCF
22 OL (initial/renewal)	\$48	\$48	\$0	\$0
23 OL (Under 21) (Up to 4 years)	\$18	\$18	\$0	\$0
24 Any OL, MC, or combination				
25 (duplicate/corrected)	\$15	\$13.25	\$1.75	\$0
26 Motor vehicle IP (3 years)	\$18	\$16	\$2	\$0
27 Motorcycle IP (1 year)	\$18	\$13	\$1	\$4

1	Motorcycle OL (initial/renewal)	\$48	\$38	\$0	\$10
2	Combination vehicle/MC OL				
3	(initial/renewal)	\$58	\$48	\$0	\$10
4	PIDC (initial/renewal)	\$28	\$25	\$3	\$0
5	PIDC (duplicate/corrected)	\$15	\$13.50	\$1.50	\$0

6 (3) Except as provided in subsection (10) of this section, the fees imposed for standard
 7 operator's licenses, instruction permits, and personal identification cards shall be as
 8 follows and, unless otherwise noted, are for an eight (8) year period:

9	Card Type	Fee	LF	GF	MCF
10	OL (initial/renewal)	\$43	\$43	\$0	\$0
11	OL (Under 21) (Up to 4 years)	\$15	\$15	\$0	\$0
12	Any OL, MC, or combination				
13	(duplicate/corrected)	\$15	\$13.25	\$1.75	\$0
14	Motor vehicle IP (3 years)	\$15	\$13	\$2	\$0
15	Motorcycle IP (1 year)	\$15	\$10	\$1	\$4
16	Motorcycle OL (initial/renewal)	\$43	\$33	\$0	\$10
17	Combination vehicle/MC OL				
18	(initial/renewal)	\$53	\$43	\$0	\$10
19	PIDC (initial/renewal)	\$23	\$20	\$3	\$0
20	PIDC (duplicate/corrected)	\$15	\$13.50	\$1.50	\$0
21	PIDC (no fixed address) under				
22	KRS 186.4122(5)/186.4123(5)				
23	(initial, duplicate, or corrected)	\$0 \$5	\$0 \$5		\$0
24	\$0				

25 (4) The fee for a four (4) year original or renewal license issued pursuant to KRS
 26 186.4101 shall be fifty percent (50%) of the amount shown in subsections (2) and
 27 (3) of this section. The distribution of fees shown in subsections (2) and (3) of this

1 section shall also be reduced by fifty percent (50%) for licenses that are issued for
2 four (4) years.

3 (5) Any fee for any identity document applied for using alternative technology under
4 KRS 186.410 and 186.4122 shall be distributed in the same manner as a document
5 applied for in person with the cabinet.

6 (6) (a) An applicant for an original or renewal operator's license, permit, commercial
7 driver's license, motorcycle operator's license, or personal identification card
8 shall be requested by the cabinet to make a donation to promote an organ
9 donor program.

10 (b) The donation under this subsection shall be added to the regular fee for an
11 original or renewal motor vehicle operator's license, permit, commercial
12 driver's license, motorcycle operator's license, or personal identification card.
13 One (1) donation may be made per issuance or renewal of a license or any
14 combination thereof.

15 (c) The fee shall be paid to the cabinet and shall be forwarded by the cabinet on a
16 monthly basis to the Kentucky Circuit Court Clerks' Trust for Life, and such
17 moneys are hereby appropriated to be used exclusively for the purpose of
18 promoting an organ donor program. A donation under this subsection shall be
19 voluntary and may be refused by the applicant at the time of issuance or
20 renewal.

21 (7) In addition to the fees outlined in this section, the following individuals, upon
22 application for an initial or renewal operator's license, instruction permit, or
23 personal identification card, shall pay an additional application fee of thirty dollars
24 (\$30), which shall be deposited in the photo license account:

25 (a) An applicant who is not a United States citizen or permanent resident and who
26 applies under KRS 186.4121 or 186.4123; or

27 (b) An applicant who is applying for a instruction permit, operator's license, or

- 1 personal identification card without a photo under KRS 186.4102(9).
- 2 (8) (a) Except for individuals exempted under paragraph (c) of this subsection, an
3 applicant for relicensing after revocation or suspension shall pay a
4 reinstatement fee of forty dollars (\$40).
- 5 (b) The reinstatement fee under this subsection shall be distributed by the State
6 Treasurer as follows:
- 7 1. Thirty-five dollars (\$35) shall be deposited into the photo license
8 account; and
- 9 2. Five dollars (\$5) shall be deposited into a trust and agency fund to be
10 used in defraying the costs and expenses of administering a driver
11 improvement program for problem drivers.
- 12 (c) This subsection shall not apply to:
- 13 1. Any person whose license was suspended for failure to meet the
14 conditions set out in KRS 186.411 when, within one (1) year of
15 suspension, the driving privileges of the individual are reinstated; or
- 16 2. A student who has had his or her license revoked pursuant to KRS
17 159.051.
- 18 (9) As payment for any fee identified in this section, the cabinet:
- 19 (a) Shall accept cash and personal checks;
- 20 (b) May accept other methods of payment in accordance with KRS 45.345; and
- 21 (c) May enter into billing agreements with homeless shelters, health care
22 facilities, or social service agencies that serve individuals without an
23 established and fixed nighttime residence of regular return.
- 24 (10) There shall be no fee assessed for the initial, renewal, or duplicate standard personal
25 identification card to an individual, if the individual:
- 26 (a) Does not possess a valid operator's license or a commercial driver's license;
27 and

1 (b) Is at least eighteen (18) years of age on or before the next regular election.

2 ➔Section 26. **Outlier Audit Assistance Program:** Beginning with fiscal year
3 2018-2019, the Auditor of Public Accounts shall calculate the annual average cost of
4 audits conducted pursuant to KRS 43.070(1)(a)2. by audit type. Beginning with audits
5 billed during fiscal year 2019-2020 or thereafter, any such audit with a cost exceeding the
6 threshold of 150 percent of the average cost for its type in the preceding fiscal year shall
7 be deemed an outlier audit. If a county has paid the cost of the outlier audit up to the
8 amount of the threshold set out in this subsection, the county shall be eligible for a credit
9 from the Outlier Audit Assistance Program for audit costs that exceed the threshold. For
10 every audit qualifying for disbursement, the auditor shall provide a detailed report for the
11 reason for the outlier expense to the Interim Joint Committee on Appropriations and
12 Revenue by August 1 of each fiscal year.

13 ➔Section 27. **Revenue Replacement:** Notwithstanding KRS 43.070(3), during
14 the 2024-2026 fiscal biennium, counties shall bear one-half of the actual expense of
15 audits conducted pursuant to KRS 43.070(1)(a)2. and (2)(a).

16 ➔Section 28. **Authority to Sell:** Notwithstanding KRS 154.15-020, the Kentucky
17 Communications Network Authority shall have the authority to enter into contracts with
18 public and private entities to carry out its duties and responsibilities, which may include
19 the sale of all or portions of the Commonwealth's open-access broadband network known
20 as KentuckyWired. A contract or other agreement involving the acquisition or disposition
21 of a property interest by the Commonwealth shall be signed by the Secretary of the
22 Finance and Administration Cabinet. KRS Chapters 45A and 56 may require the
23 Secretary's signature on other contracts or agreements.

24 ➔Section 29. **Sale of Properties:** Notwithstanding KRS 45A.045(4), the Finance
25 and Administration Cabinet may sell, trade, or otherwise dispose of the three properties
26 used by the Education and Labor Cabinet located in the cities of Winchester, Morehead,
27 and Hazard at a selling price that is below the appraised value by July 1, 2025.

1 Notwithstanding KRS 45.777, up to \$3,000,000 of proceeds from the disposal of the
2 above-mentioned properties shall be used to reduce the Wagner-Peyser deficit

3 ➔Section 30. **Kentucky Group Self-Insurance Guaranty Fund:**
4 Notwithstanding KRS 342.908(4), no assessments from the members of the Kentucky
5 Group Self-Insurance Guaranty Fund shall exceed an amount in excess of \$5,000,000 at
6 any given time. Notwithstanding KRS 342.908(4) and (5), the Board of Directors shall
7 raise assessments to a percentage of the premium for each member of the Kentucky
8 Group Self-Insurance Guaranty Fund sufficient to pay outstanding claims.

9 ➔Section 31. **Billing for Security Services:** Notwithstanding any statute to the
10 contrary, the Department of Kentucky State Police shall bill and accept payment from
11 nonstate-operated event sponsors for security services provided by the Department.

12 ➔Section 32. **Jailer Canteen Accounts:** Notwithstanding KRS 67.0802(6)(a),
13 any compensation resulting from the disposal of real or personal property that was
14 purchased from a canteen account under KRS 441.135 shall be returned to the canteen
15 account from which the real or personal property was originally purchased. All proceeds
16 resulting from the disposal of real or personal property purchased from a canteen account
17 shall be reported to the Interim Joint Committee on Appropriations and Revenue by
18 December 1 of each fiscal year.

19 ➔Section 33. **Administrative Fee on Infrastructure for Economic**
20 **Development Fund Projects:** A one-half of one percent administrative fee is authorized
21 to be paid to the Kentucky Infrastructure Authority for the administration of each project
22 funded by the Infrastructure for Economic Development Fund for Coal-Producing
23 Counties and the Infrastructure for Economic Development Fund for Tobacco Counties.
24 These administrative fees shall be paid, upon inception of the project, out of the fund
25 from which the project was allocated.

26 ➔Section 34. **Charges for Federal, State, and Local Audits:** Any additional
27 expenses incurred by the Auditor of Public Accounts for required audits of Federal Funds

1 shall be charged to the government or agency that is the subject of the audit. The Auditor
2 of Public Accounts receives General Fund appropriations for audits of the statewide
3 systems of personnel and payroll, cash and investments, revenue collection, and the state
4 accounting system. Any expenses incurred by the Auditor of Public Accounts for any
5 other audits shall be charged to the agency that is the subject of such audit. The Auditor
6 of Public Accounts shall maintain a record of all time and expenses for each audit or
7 investigation.

8 Any expenses incurred by the Auditor of Public Accounts for auditing individual
9 governmental entities when mandated by a legislative committee shall be charged to the
10 agency or entity receiving audit services.

11 ➔Section 35. **Personnel Board Operating Assessment:** Each Agency of the
12 Executive Branch with employees covered by KRS Chapter 18A shall be assessed each
13 fiscal year the amount required for the operation of the Personnel Board. The agency
14 assessment shall be determined by the Secretary of the Finance and Administration
15 Cabinet based on the authorized full-time positions of each agency on July 1 of each year
16 of the biennium. The Secretary of the Finance and Administration Cabinet shall collect
17 the assessment.

18 ➔Section 36. **Water Withdrawal Fees:** The water withdrawal fees imposed by
19 the Kentucky River Authority shall not be subject to state and local taxes.
20 Notwithstanding KRS 151.710(10), Tier 1 water withdrawal fees shall be used to support
21 the operations of the Authority and for contractual services for water supply and quality
22 studies.

23 ➔Section 37. **Urgent Needs School Assistance:** If a school district receives an
24 allotment for an Urgent Needs School authorized in 2014 Ky. Acts ch. 117, Part I, A.,
25 28., (5), 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b), 2016 Ky. Acts ch. 149, Part I, A.,
26 28., (4) and (5), 2018 Ky. Acts ch. 169, Part I, A., 27., (3), or 2021 Ky. Acts ch. 169, Part
27 I, A., 28., (3), and subsequently, as a result of litigation or insurance, receives funds for

1 the original facility, the school district shall reimburse the Commonwealth an amount
2 equal to that received for such purposes. If the litigation or insurance receipts are less
3 than the amount received, the district shall reimburse the Commonwealth an amount
4 equal to that received as a result of litigation or insurance less the district's costs and
5 legal fees in securing the judgment or payment. Any funds received in this manner shall
6 be deposited in the General Fund.

7 →Section 38. **Premium and Retaliatory Taxes:** Notwithstanding KRS 304.17B-
8 021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and
9 retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the
10 General Fund.

11 →Section 39. **Monthly Per Employee Health Insurance Benefits Assessment:**
12 The Personnel Cabinet shall collect a benefits assessment per month per employee
13 eligible for health insurance coverage in the state group for duly authorized use by the
14 Personnel Cabinet in administering its statutory and administrative responsibilities,
15 including but not limited to administration of the Commonwealth's health insurance
16 program.

17 →Section 40. Sections 11 and 13 of this Act take effect January 1, 2025.

18 →Section 41. Section 12 of this Act takes effect August 1, 2024.

19 →Section 42. Section 19 of this Act applies to the fiscal year 2023-2024
20 calculation of GF appropriations.

21 →Section 43. Sections 13 and 22 to 24 of this Act takes effect January 1, 2025.

22 →Section 44. Section 25 of this Act takes effect August 1, 2024.

23 →Section 45. Sections 26 to 39 of this Act apply to the fiscal year beginning July
24 1, 2024, and ending June 30, 2025, and the fiscal year beginning July 1, 2025, and ending
25 June 30, 2026, and shall expire at the end of June 30, 2026.

26 →Section 46. Whereas it is imperative that appropriations are properly classified
27 to benefit the citizens of the Commonwealth, an emergency is declared to exist, and

- 1 Section 19 of this Act takes effect upon its passage and approval by the Governor or upon
- 2 its otherwise becoming a law.