

1 AN ACT relating to fiscal matters, making an appropriation therefor, and declaring
2 an emergency.

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

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

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

1 requirements and corrective action requirements of KRS 224.60-135(2) and
2 (4). If the unobligated balance in the fund is not adequate to meet the
3 requirements of this paragraph, the division shall obligate funds necessary to
4 meet these requirements;

5 (b) Establish by administrative regulation the criteria to be met to be eligible to
6 participate in the financial responsibility and petroleum storage tank accounts
7 and to receive reimbursement from these accounts. The division may establish
8 eligibility criteria for the petroleum storage tank account based upon the
9 financial ability of the petroleum storage tank owner or operator. Owners or
10 operators seeking coverage under the petroleum storage tank account shall file
11 for eligibility and for financial assistance with the division. To ensure cost
12 effectiveness, the division shall promulgate administrative regulations *in*
13 *accordance with KRS Chapter 13A* specifying the circumstances under which
14 prior approval of corrective action costs shall be required for those costs to be
15 eligible for reimbursement from the fund. In promulgating administrative
16 regulations to carry out this section, the division may distinguish between
17 types, classes, and ages of petroleum storage tanks and the degree of
18 compliance of the facility with any administrative regulations of the cabinet
19 promulgated pursuant to KRS 224.60-105 or applicable federal regulations;

20 (c) Establish a financial responsibility account within the fund which may be
21 used by petroleum storage tank owners and operators to demonstrate financial
22 responsibility as required by administrative regulations of the cabinet or the
23 federal regulations applicable to petroleum storage tanks, consistent with the
24 intent of the General Assembly as set forth in KRS 224.60-120(5). The
25 account shall receive four-tenths of one cent (\$0.004) from the one and four-
26 tenths cent (\$0.014) paid on each gallon of gasoline and special fuels received
27 in this state pursuant to KRS 224.60-145. To be eligible to use this account to

1 demonstrate compliance with financial responsibility requirements of the
2 cabinet or federal regulations, or to receive reimbursement from this account
3 for taking corrective action and for compensating third parties for bodily
4 injury and property damage, the petroleum storage tank owner or operator
5 shall meet the eligibility requirements established by administrative regulation
6 promulgated by the division;

7 (d) Establish a small operator assistance account within the fund which may be
8 used by the division to make or participate in the making of loans, to purchase
9 or participate in the purchase of the loans, which purchase may be from
10 eligible lenders, or to insure loans made by eligible lenders;

11 (e) Establish a petroleum storage tank account within the fund to be used to pay
12 the costs of corrective action due to a release from a petroleum storage tank
13 not eligible for reimbursement from the financial responsibility account.
14 Reimbursements of corrective action projects performed under the petroleum
15 storage tank account shall be carried out on or before July 15, ~~2034~~²⁰²⁸.
16 Any corrective action costs incurred after this date shall not be eligible for
17 reimbursement under the petroleum storage tank account. The account shall
18 receive one cent (\$0.01) from the one and four-tenths cent (\$0.014) paid on
19 each gallon of gasoline and special fuels received in this state pursuant to
20 KRS 224.60-145. This account shall not be used to compensate third parties
21 for bodily injury and property damage. Within three (3) months after July 15,
22 2004, the division shall develop a plan to address the payment of claims and
23 completion of corrective action at facilities eligible for reimbursement from
24 this account. The division shall establish a ranking system to be used for the
25 distribution of amounts from this account for the purpose of corrective action.
26 In promulgating administrative regulations to carry out this section, the
27 division shall consider the financial ability of the petroleum storage tank

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

1 that an owner or operator has in order to be eligible to participate in the
2 program and receive reimbursement under this paragraph;

3 (k) Establish by administrative regulation the policy, guidelines, and procedures
4 to perform financial audits of any petroleum storage tank owner or operator
5 receiving reimbursement from the fund or any entity contracting or
6 subcontracting to provide corrective action services for facilities eligible for
7 fund reimbursement. Financial audits shall be limited to those files, records,
8 computer records, receipts, and other documents related to corrective action
9 performed at a facility where the costs of corrective action have been
10 reimbursed by the fund. Files, records, computer records, receipts, and other
11 documents related to corrective action reimbursed by the fund shall be subject
12 to a financial audit for a period of three (3) years after the date of final
13 reimbursement from the fund. Results of the audits shall be protected from
14 disclosure as allowed by KRS 61.878(1)(c). Financial auditing services may
15 be contracted for or personnel may be employed as needed to implement the
16 requirements of this paragraph;

17 (l) Be authorized to enter and inspect any facility intending to seek
18 reimbursement for the cost of corrective action to determine the
19 reasonableness and necessity of the cost of corrective action. The division
20 may collect soil or water samples or require storage tank owners or operators
21 to split samples with the division for analytical testing. Refusal to allow entry
22 and inspection of a facility or refusal to allow the division to collect or split
23 samples shall make the facility ineligible for fund participation;

24 (m) Have inspectors on site at all tank system removals. Failure to comply with
25 this provision shall make the facility ineligible for fund participation. A
26 petroleum storage tank owner or operator may request through certified mail
27 that the division schedule an inspector to be present at an upcoming tank

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

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

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

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

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

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

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

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

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

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

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

1 on Appropriations and Revenue. After a determination that a surplus exists, the
2 surplus shall be transferred to a restricted account and retained until appropriated by
3 the General Assembly.

4 (6) All provisions of law related to the Department of Revenue's administration and
5 enforcement of the gasoline and special fuels tax and all other powers generally
6 conveyed to the Department of Revenue by the Kentucky Revised Statutes for the
7 assessment and collection of taxes shall apply with regard to the fee levied by KRS
8 224.60-105 to 224.60-160.

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

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

22 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO
23 READ AS FOLLOWS:

24 **(1) The department shall submit an annual report to the Legislative Research**
25 **Commission and the Interim Joint Committee on Appropriations and Revenue on**
26 **October 1, 2024, and October 1 of each year thereafter.**

27 **(2) The report required by subsection (1) of this section shall:**

1 (a) Summarize each tax law change enacted during:

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

3 or

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

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

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

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

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

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

16 4. Administrative regulations filed or to be filed;

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

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

20 ➔Section 5. KRS 138.510 is amended to read as follows:

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

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

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

- 1 (0.4%) of all money wagered on live and historical horse races at
2 the track for Thoroughbred racing for the remainder of the fiscal
3 year;
- 4 2. a. Before August 1, 2022, an amount equal to one percent (1%) of all
5 money wagered on live races and historical horse races at the track
6 for harness racing shall be deposited in the Kentucky standardbred
7 development fund established in KRS 230.770. Beginning August
8 1, 2022, an amount equal to one percent (1%) of all money
9 wagered on live races at the track for harness racing shall be
10 deposited in the Kentucky standardbred development fund until a
11 total of twenty million dollars (\$20,000,000) has been deposited
12 during a fiscal year from this subparagraph, at which point the
13 amount deposited shall decrease to four-tenths of one percent
14 (0.4%) of all money wagered for the remainder of the fiscal year;
15 and
- 16 b. Beginning August 1, 2022, an amount equal to one percent (1%)
17 of all money wagered on historical horse races at the track for
18 harness racing shall be distributed in the exact amounts based
19 upon contracts between the parties that have been filed with the
20 commission, but at least one-half (1/2) of the funds shall be
21 deposited into the Kentucky standardbred development fund
22 established in KRS 230.770 until a total of twenty million dollars
23 (\$20,000,000) has been deposited into the Kentucky standardbred
24 development fund during a fiscal year from this subparagraph, at
25 which point the amount deposited in this subdivision shall
26 decrease to four-tenths of one percent (0.4%) of all money
27 wagered for the remainder of the fiscal year. The commission shall

1 provide the department all information necessary from the
2 contracts in order for the funds in this subparagraph to be
3 distributed;

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

1 in a fiscal year after payments are made in accordance with
2 subdivisions a., b., and c. of this subparagraph shall be distributed
3 in equal amounts to:

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

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

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

26 e. Any amounts remaining from money wagered on historical horse
27 races in a fiscal year after payments are made in accordance with

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

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

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

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

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

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

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

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

- 1 (d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of
2 this subsection as follows:
- 3 1. An amount equal to one percent (1%) of the amount wagered shall be
4 deposited as follows:
- 5 a. In the Thoroughbred development fund established in KRS
6 230.400 if the host track is conducting a Thoroughbred race
7 meeting or the interstate wagering is conducted on a Thoroughbred
8 race meeting;
- 9 b. In the Kentucky standardbred development fund established in
10 KRS 230.770, if the host track is conducting a harness race
11 meeting or the interstate wagering is conducted on a harness race
12 meeting; or
- 13 c. In the Kentucky quarter horse, paint horse, Appaloosa, and
14 Arabian development fund established by KRS 230.445, if the host
15 track is conducting a quarter horse, paint horse, Appaloosa, or
16 Arabian horse race meeting or the interstate wagering is conducted
17 on a quarter horse, paint horse, Appaloosa, or Arabian horse race
18 meeting;
- 19 2. An amount equal to twenty-five thousandths of one percent (0.025%) of
20 the amount wagered shall be allocated to the equine industry program
21 trust and revolving fund established by KRS 230.550 to be used to
22 support the Equine Industry Program at the University of Louisville;
- 23 3. An amount equal to one-twentieth of one percent (0.05%) of the amount
24 wagered shall be deposited in a trust and revolving fund to be used for
25 the construction, expansion, or renovation of facilities or the purchase of
26 equipment for equine programs at state universities, as detailed in
27 subsection (1)(d)5. of this section; and

1 4. An amount equal to one-twentieth of one percent (0.05%) of the amount
2 wagered shall be distributed to the commission to support equine drug
3 testing as provided in KRS 230.265(3).

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

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

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

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

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

23 ➔Section 6. KRS 230.770 is amended to read as follows:

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

1 moneys~~[money]~~ contributed to or allocated to the fund from all other sources.

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

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

6 **1. Seventy-five thousand dollars (\$75,000) 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~~
10 ~~provided in this section, upon authorization of]~~ the Kentucky Horse
11 Racing Commission **for the purposes specified in this section**~~[and upon~~
12 ~~approval of the secretary of the Finance and Administration Cabinet].~~

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

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

18 (3) The racing commission shall:

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

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

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

1 Kentucky track that hosts an international harness racing event spanning
 2 multiple days that distributes at least five million dollars (\$5,000,000) in purses
 3 and awards. Moneys shall be transferred from the development fund as follows:

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

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

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

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

19 ~~(6)~~~~(5)~~ The Kentucky Horse Racing Commission shall:

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

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

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

27 ~~(7)~~~~(6)~~ (a) The Kentucky Horse Racing Commission may promulgate

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

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

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

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

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

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

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

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

25 **3.** Improve the quality of horses bred in Kentucky.

26 ➔Section 7. KRS 230.400 is amended to read as follows:

27 (1) **(a)** There is hereby created a trust and agency account~~[revolving fund]~~ for the

1 Kentucky Horse Racing Commission, designated as the Kentucky
2 Thoroughbred development fund, consisting of ~~moneys~~[money] allocated to
3 the fund under the provisions of KRS 138.510, together with other
4 ~~moneys~~[money] contributed to or allocated to the fund from all other sources.

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

7 1. One hundred thousand dollars (\$100,000) 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 of~~
11 ~~this section upon authorization of~~] the Kentucky Horse Racing
12 Commission for the purposes specified in this section [~~and upon~~
13 ~~approval of the secretary of the Finance and Administration Cabinet~~].

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

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

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

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

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

26 (b) The Kentucky Horse Racing Commission shall employ qualified personnel as
27 may be required to assist the racing commission and the advisory committee

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

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

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

27 (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term

1 "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and
2 include only Thoroughbred horses sired by Kentucky Thoroughbred stallions
3 foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the
4 official registrar of the Kentucky Thoroughbred development fund.

5 (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a
6 Kentucky-bred Thoroughbred for purposes of this section if the horse was
7 foaled in Kentucky and if the sire of the Thoroughbred was standing at stud
8 within Kentucky at the time of conception of such Thoroughbred, provided
9 the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with
10 the official registrar of the Kentucky Thoroughbred development fund.

11 (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to
12 demand, claim, and receive a portion of a supplemental purse provided by the
13 Kentucky Thoroughbred development fund, the Thoroughbred horse in a
14 designated race for which a supplemental purse has been provided by the
15 Kentucky Thoroughbred development fund must have been duly registered as
16 a Kentucky-bred Thoroughbred with the official registrar of the Kentucky
17 Thoroughbred development fund prior to entry in the race.

18 (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and
19 designated as the sole official registrar of the Kentucky Thoroughbred
20 development fund for the purposes of registering Kentucky Thoroughbred
21 stallions and Kentucky-bred Thoroughbreds in accordance with the terms of
22 this section and any administrative regulations promulgated by the Kentucky
23 Horse Racing Commission. When a Kentucky-bred Thoroughbred is
24 registered with the official registrar, the registrar shall be authorized to stamp
25 the Jockey Club certificate issued for the Thoroughbred with the seal of the
26 registrar, certifying that the Thoroughbred is a duly qualified and registered
27 Kentucky-bred Thoroughbred for purposes of this section. The registrar may

1 establish and charge, with the approval of the racing commission, reasonable
2 registration fees for its services in the registration of Kentucky Thoroughbred
3 stallions and in the registration of Kentucky-bred Thoroughbreds. Registration
4 records of the registrar shall be public records and open to public inspection at
5 all normal business hours and times.

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

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

23 ➔Section 8. KRS 230.445 is amended to read as follows:

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

1 other moneys~~[money]~~ contributed to or allocated to the fund from all other
2 sources.

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

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

8 **1. Twenty-five thousand dollars (\$25,000) each fiscal year to the**
9 **Kentucky problem gambling assistance account established in KRS**
10 **230.826; and**

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

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

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

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

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

1 Appaloosa, or Arabian horse racing, on an equitable basis as determined by the
2 commission and in conformance with subsection (3) of this section.

3 (3) The Kentucky Horse Racing Commission shall:

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

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

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

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

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

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

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

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

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

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

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

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

2 ➔Section 9. KRS 138.513 is amended to read as follows:

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

13 ➔Section 10. KRS 139.470 is amended to read as follows:

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

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

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

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

1 declared by the resident as used in his or her place of domicile.

2 (b) As used in this subsection:

3 1. "Fuel" shall include but not be limited to natural gas, electricity, fuel oil,
4 bottled gas, coal, coke, and wood; and

5 2. "Place of domicile" means the place where an individual has his or her
6 legal, true, fixed, and permanent home and principal establishment, and
7 to which, whenever the individual is absent, the individual has the
8 intention of returning.

9 (c) Determinations of eligibility for the exemption shall be made by the
10 department.

11 (d) The exemption shall apply to charges for sewer service, water, and fuel billed
12 to an owner or operator of a multi-unit residential rental facility or mobile
13 home and recreational vehicle park if the owner or operator declares that the
14 sewer services, water, and fuel are purchased for Kentucky residents to be
15 used in the resident's place of domicile.

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

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

27 (9) (a) Gross receipts derived from the sale of tangible personal property, as provided

1 in paragraph (b) of this subsection, to a manufacturer or industrial processor if
2 the property is to be directly used in the manufacturing or industrial
3 processing process of:

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

11 and which will be for sale.

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

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

- 1 exempt. "Supplies" does not include repair, replacement, or spare
2 parts of any kind; and
- 3 c. Industrial tools. This group is limited to hand tools such as jigs,
4 dies, drills, cutters, rolls, reamers, chucks, saws, and spray guns
5 and to tools attached to a machine such as molds, grinding balls,
6 grinding wheels, dies, bits, and cutting blades. Normally, for
7 industrial tools to be considered directly used in the manufacturing
8 or industrial processing process, they shall come into direct
9 contact with the product being manufactured or processed; and
- 10 3. Materials and supplies that are not reusable in the same manufacturing
11 or industrial processing process at the completion of a single
12 manufacturing or processing cycle. A single manufacturing cycle shall
13 be considered to be the period elapsing from the time the raw materials
14 enter into the manufacturing process until the finished product emerges
15 at the end of the manufacturing process.
- 16 (c) The property described in paragraph (b) of this subsection shall be regarded as
17 having been purchased for resale.
- 18 (d) For purposes of this subsection, a manufacturer or industrial processor
19 includes an individual or business entity that performs only part of the
20 manufacturing or industrial processing activity, and the person or business
21 entity need not take title to tangible personal property that is incorporated
22 into, or becomes the product of, the activity.
- 23 (e) The exemption provided in this subsection does not include repair,
24 replacement, or spare parts;
- 25 (10) Any water use fee paid or passed through to the Kentucky River Authority by
26 facilities using water from the Kentucky River basin to the Kentucky River
27 Authority in accordance with KRS 151.700 to 151.730 and administrative

1 regulations promulgated by the authority;

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

9 (a) As used in this subsection:

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

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

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

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

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

26 (a) As used in this subsection, "metal retail fixtures" means check stands and
27 belted and nonbelted checkout counters, whether made in bulk or pursuant to

1 specific purchaser specifications, that are to be used directly by the purchaser
2 or to be distributed by the purchaser.

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

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

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

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

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

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

- 1 (19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which
2 is:
- 3 (a) Sold to a Kentucky resident, registered for use on the public highways, and
4 upon which any applicable tax levied by KRS 138.460 has been paid; or
- 5 (b) Sold to a nonresident of Kentucky if the nonresident registers the motor
6 vehicle in a state that:
- 7 1. Allows residents of Kentucky to purchase motor vehicles without
8 payment of that state's sales tax at the time of sale; or
- 9 2. Allows residents of Kentucky to remove the vehicle from that state
10 within a specific period for subsequent registration and use in Kentucky
11 without payment of that state's sales tax;
- 12 (20) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and
13 trailer as defined in KRS 189.010(17);
- 14 (21) Gross receipts from the collection of:
- 15 (a) Any fee or charge levied by a local government pursuant to KRS 65.760;
- 16 (b) The charge imposed by KRS 65.7629(3);
- 17 (c) The fee imposed by KRS 65.7634; and
- 18 (d) The service charge imposed by KRS 65.7636;
- 19 (22) Gross receipts derived from charges for labor or services to apply, install, repair, or
20 maintain tangible personal property directly used in manufacturing or industrial
21 processing process of:
- 22 (a) Tangible personal property at a plant facility;
- 23 (b) Distilled spirits or wine at a plant facility or on the premises of a distiller,
24 rectifier, winery, or small farm winery licensed under KRS 243.030; or
- 25 (c) Malt beverages at a plant facility or on the premises of a brewer or
26 microbrewery licensed under KRS 243.040;
- 27 that is not otherwise exempt under subsection (9) of this section or KRS

1 139.480(10), if the charges for labor or services are separately stated on the invoice,
2 bill of sale, or similar document given to purchaser;

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

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

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

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

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

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

1 thousand dollars ~~(\$12,000)~~~~(\$6,000)~~ in a calendar year:

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

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

5 (b) ~~[For persons that first begin making sales of services included in KRS~~
6 ~~139.200(2)(q) to (ax) on or after January 1, 2023, gross receipts derived from~~
7 ~~the sale of those services if the gross receipts are less than six thousand dollars~~
8 ~~(\$6,000) within the first calendar year of operation. When gross receipts from~~
9 ~~these services exceed six thousand dollars (\$6,000) in a calendar year:~~

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

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

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

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

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

19 **(a) "Eligible equipment or services" means the equipment used in the**
20 **expansion of broadband services in Kentucky and includes:**

21 **1. Wires, cables, fiber, conduits, antennas, poles, switches, routers,**
22 **amplifiers, rectifiers, repeaters, receivers, multiplexers, transmitters,**
23 **circuit cards, insulating and protective materials and cases, power**
24 **equipment, backup power equipment, diagnostic equipment, storage**
25 **devices, and modems;**

26 **2. General central office or headend equipment, including:**

27 **a. Channel cards;**

- 1 b. Frames; and
- 2 c. Cabinets;
- 3 3. Equipment used in successor technologies, including items used to
- 4 monitor, test, maintain, enable, or facilitate:
- 5 a. Eligible equipment or services;
- 6 b. Machinery;
- 7 c. Software;
- 8 d. Ancillary components;
- 9 e. Appurtenances; and
- 10 f. Accessories; and
- 11 4. Any other infrastructure that is used in whole or in part to provide or
- 12 expand broadband communications services; and
- 13 (b) "Qualified broadband investment":
- 14 1. Means the purchase or lease of any eligible equipment or services by
- 15 any provider that Kentucky sales and use tax has been paid under
- 16 KRS Chapter 139; and
- 17 2. Does not include the purchase or lease of personal consumer
- 18 electronics, including:
- 19 a. Smartphones;
- 20 b. Computers;
- 21 c. Tablets;
- 22 d. Consumer-grade modems; and
- 23 e. Routers.
- 24 (2) For taxable years beginning on or after January 1, 2025, but before January 1,
- 25 2029, there is hereby created a qualified broadband investment tax credit to
- 26 provide for the expansion of broadband services in this state.
- 27 (3) (a) The credit in subsection (2) of this section shall be nonrefundable,

1 nontransferable, and allowed against the tax imposed under KRS 141.020
2 or 141.040 and 141.0401 with the ordering of the credit as provided in
3 Section 12 of this Act.

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

6 **1. Reduced by the amount of seller reimbursement allowed under KRS**
7 **139.570; and**

8 **2. Limited to:**

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

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

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

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

18 **2. Provide:**

19 **a. The taxpayer's identification number;**

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

22 **c. A statement of how approval of this tax credit will result in**
23 **greater investment in this state by:**

24 **i. Expansion of broadband services;**

25 **ii. An upgrade to existing broadband infrastructure; or**

26 **iii. An increase of access to broadband for the residents in this**
27 **state.**

1 **(b) The department shall:**

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

4 **2. By February 1 following the end of the calendar year, provide a letter**
5 **to the taxpayer indicating approval and amount of tax credit to be**
6 **awarded.**

7 **(5) A taxpayer approved for credit under subsection (4) of this section shall submit**
8 **with their return, verification of the sales and use tax remitted on the qualified**
9 **broadband investment, which may include:**

10 **(a) Receipt of eligible equipment or services purchased; or**

11 **(b) Lease agreement for eligible equipment or services.**

12 **(6) If the total amount of credits granted approval under subsection (4) of this**
13 **section exceeds five million dollars (\$5,000,000), each taxpayer shall receive no**
14 **more than its applicable pro rata share of the five million dollar (\$5,000,000)**
15 **limit.**

16 **(7) (a) In order for the General Assembly to evaluate the effectiveness of the**
17 **qualified broadband investment tax credit, the department shall submit the**
18 **following information to the Legislative Research Commission for referral**
19 **to the Interim Joint Committee on Appropriations and Revenue on or before**
20 **November 1, 2026, and on or before each November 1 thereafter as long as**
21 **the credit may be claimed on a return:**

22 **1. The location of the taxpayer, by county, as reflected on the return filed**
23 **for the taxable year;**

24 **2. The amount of qualified broadband investment tax credit claimed by**
25 **the taxpayer for the taxable year;**

26 **3. The total cumulative amount of all qualified broadband investment tax**
27 **credits claimed for the taxable year; and**

1 **4. a. In the case of all taxpayers other than corporations, based on**
2 **ranges of adjusted gross income of no larger than five thousand**
3 **dollars (\$5,000) for the taxable year, the total amount of**
4 **qualified broadband investment tax credit claimed and the total**
5 **number of returns claiming this tax credit for each income**
6 **range; and**

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

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

15 ➔Section 12. KRS 141.0205 is amended to read as follows:

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

19 (1) The nonrefundable business incentive credits against the tax imposed by KRS
20 141.020 shall be taken in the following order:

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

22 (b) The economic development credits computed under KRS 141.347, 141.381,
23 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and
24 154.12-2088;

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

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

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

- 1 (f) The tax paid to other states credit permitted by KRS 141.070;
- 2 (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 3 (h) The recycling or composting equipment credit permitted by KRS 141.390;
- 4 (i) The tax credit for cash contributions in investment funds permitted by KRS
- 5 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
- 6 154.20-258;
- 7 (j) The research facilities credit permitted by KRS 141.395;
- 8 (k) The employer High School Equivalency Diploma program incentive credit
- 9 permitted under KRS 151B.402;
- 10 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 11 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 12 (n) The clean coal incentive credit permitted by KRS 141.428;
- 13 (o) The ethanol credit permitted by KRS 141.4242;
- 14 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 15 (q) The energy efficiency credits permitted by KRS 141.436;
- 16 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 17 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 18 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 19 (u) The distilled spirits credit permitted by KRS 141.389;
- 20 (v) The angel investor credit permitted by KRS 141.396;
- 21 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 22 on or after April 27, 2018, but before January 1, 2022;
- 23 (x) The inventory credit permitted by KRS 141.408;~~and~~
- 24 (y) The renewable chemical production credit permitted by KRS 141.4231; **and**
- 25 **(z) The qualified broadband investment tax credit permitted by Section 11 of**
- 26 **this Act;**
- 27 (2) After the application of the nonrefundable credits in subsection (1) of this section,

1 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
2 shall be taken in the following order:

- 3 (a) The individual credits permitted by KRS 141.020(3);
- 4 (b) The credit permitted by KRS 141.066;
- 5 (c) The tuition credit permitted by KRS 141.069;
- 6 (d) The household and dependent care credit permitted by KRS 141.067;
- 7 (e) The income gap credit permitted by KRS 141.066; and
- 8 (f) The Education Opportunity Account Program tax credit permitted by KRS
9 141.522;

10 (3) After the application of the nonrefundable credits provided for in subsection (2) of
11 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
12 taken in the following order:

- 13 (a) The individual withholding tax credit permitted by KRS 141.350;
- 14 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 15 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
16 171.397(1)(b);
- 17 (d) The film industry tax credit permitted by KRS 141.383 for applications
18 approved prior to April 27, 2018, or on or after January 1, 2022;
- 19 (e) The development area tax credit permitted by KRS 141.398;
- 20 (f) The decontamination tax credit permitted by KRS 141.419; and
- 21 (g) The pass-through entity tax credit permitted by KRS 141.209;

22 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
23 tax imposed by KRS 141.040;

24 (5) The following nonrefundable credits shall be applied against the sum of the tax
25 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
26 of this section, and the tax imposed by KRS 141.0401 in the following order:

- 27 (a) The economic development credits computed under KRS 141.347, 141.381,

- 1 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and
2 154.12-2088;
- 3 (b) The qualified farming operation credit permitted by KRS 141.412;
- 4 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 5 (d) The health insurance credit permitted by KRS 141.062;
- 6 (e) The unemployment credit permitted by KRS 141.065;
- 7 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 8 (g) The coal conversion credit permitted by KRS 141.041;
- 9 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
10 ending prior to January 1, 2008;
- 11 (i) The tax credit for cash contributions to investment funds permitted by KRS
12 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
13 154.20-258;
- 14 (j) The research facilities credit permitted by KRS 141.395;
- 15 (k) The employer High School Equivalency Diploma program incentive credit
16 permitted by KRS 151B.402;
- 17 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 18 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 19 (n) The clean coal incentive credit permitted by KRS 141.428;
- 20 (o) The ethanol credit permitted by KRS 141.4242;
- 21 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 22 (q) The energy efficiency credits permitted by KRS 141.436;
- 23 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
24 permitted by KRS 141.437;
- 25 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 26 (t) The railroad expansion credit permitted by KRS 141.386;
- 27 (u) The Endow Kentucky credit permitted by KRS 141.438;

- 1 (v) The New Markets Development Program credit permitted by KRS 141.434;
 2 (w) The distilled spirits credit permitted by KRS 141.389;
 3 (x) The film industry credit permitted by KRS 141.383 for applications approved
 4 on or after April 27, 2018, but before January 1, 2022;
 5 (y) The inventory credit permitted by KRS 141.408;
 6 (z) The renewable chemical production tax credit permitted by KRS 141.4231;f
 7 ~~and~~
 8 (aa) The Education Opportunity Account Program tax credit permitted by KRS
 9 141.522; and

10 **(ab) The qualified broadband investment tax credit permitted by Section 11 of**
 11 **this Act; and**

- 12 (6) After the application of the nonrefundable credits in subsection (5) of this section,
 13 the refundable credits shall be taken in the following order:
 14 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
 15 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
 16 171.397(1)(b);
 17 (c) The film industry tax credit permitted by KRS 141.383 for applications
 18 approved prior to April 27, 2018, or on or after January 1, 2022;
 19 (d) The decontamination tax credit permitted by KRS 141.419; and
 20 (e) The pass-through entity tax credit permitted by KRS 141.209.

21 ➔Section 13. KRS 131.190 is amended to read as follows:

- 22 (1) No present or former commissioner or employee of the department, present or
 23 former member of a county board of assessment appeals, present or former property
 24 valuation administrator or employee, present or former secretary or employee of the
 25 Finance and Administration Cabinet, former secretary or employee of the Revenue
 26 Cabinet, or any other person, shall intentionally and without authorization inspect
 27 or divulge any information acquired by him or her of the affairs of any person, or

1 information regarding the tax schedules, returns, or reports required to be filed with
2 the department or other proper officer, or any information produced by a hearing or
3 investigation, insofar as the information may have to do with the affairs of the
4 person's business.

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

- 6 (a) Information required in prosecutions for making false reports or returns of
7 property for taxation, or any other infraction of the tax laws;
- 8 (b) Any matter properly entered upon any assessment record, or in any way made
9 a matter of public record;
- 10 (c) Furnishing any taxpayer or his or her properly authorized agent with
11 information respecting his or her own return;
- 12 (d) Testimony provided by the commissioner or any employee of the department
13 in any court, or the introduction as evidence of returns or reports filed with the
14 department, in an action for violation of state or federal tax laws or in any
15 action challenging state or federal tax laws;
- 16 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
17 energy resources assessed under KRS 132.820, or owners of surface land
18 under which the unmined minerals lie, factual information about the owner's
19 property derived from third-party returns filed for that owner's property, under
20 the provisions of KRS 132.820, that is used to determine the owner's
21 assessment. This information shall be provided to the owner on a confidential
22 basis, and the owner shall be subject to the penalties provided in KRS
23 131.990(2). The third-party filer shall be given prior notice of any disclosure
24 of information to the owner that was provided by the third-party filer;
- 25 (f) Providing to a third-party purchaser pursuant to an order entered in a
26 foreclosure action filed in a court of competent jurisdiction, factual
27 information related to the owner or lessee of coal, oil, gas reserves, or any

- 1 other mineral resources assessed under KRS 132.820. The department may
2 promulgate an administrative regulation establishing a fee schedule for the
3 provision of the information described in this paragraph. Any fee imposed
4 shall not exceed the greater of the actual cost of providing the information or
5 ten dollars (\$10);
- 6 (g) Providing information to a licensing agency, the Transportation Cabinet, or
7 the Kentucky Supreme Court under KRS 131.1817;
- 8 (h) Statistics of gasoline and special fuels gallonage reported to the department
9 under KRS 138.210 to 138.448;
- 10 (i) Providing any utility gross receipts license tax return information that is
11 necessary to administer the provisions of KRS 160.613 to 160.617 to
12 applicable school districts on a confidential basis;
- 13 (j) Providing documents, data, or other information to a third party pursuant to an
14 order issued by a court of competent jurisdiction;~~or~~
- 15 (k) **Publishing administrative writings on its official website in accordance with**
16 **subsection (1)(b) of Section 23 of this Act; or**
- 17 **(l)** Providing information to the Legislative Research Commission under:
- 18 1. KRS 139.519 for purposes of the sales and use tax refund on building
19 materials used for disaster recovery;
- 20 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 21 3. KRS 141.437 for purposes of the ENERGY STAR home and the
22 ENERGY STAR manufactured home credits;
- 23 4. KRS 141.383 for purposes of the film industry incentives;
- 24 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
25 tax credits and the job assessment fees;
- 26 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 27 7. KRS 141.396 for purposes of the angel investor tax credit;

- 1 8. KRS 141.389 for purposes of the distilled spirits credit;
- 2 9. KRS 141.408 for purposes of the inventory credit;
- 3 10. KRS 141.390 for purposes of the recycling and composting credit;
- 4 11. KRS 141.3841 for purposes of the selling farmer tax credit;
- 5 12. KRS 141.4231 for purposes of the renewable chemical production tax
- 6 credit;
- 7 13. KRS 141.524 for purposes of the Education Opportunity Account
- 8 Program tax credit;
- 9 14. KRS 141.398 for purposes of the development area tax credit;
- 10 15. KRS 139.516 for the purposes of the sales and use tax exemption on the
- 11 commercial mining of cryptocurrency;~~and~~
- 12 16. KRS 141.419 for purposes of the decontamination tax credit; and
- 13 17. Section 11 of this Act for purposes of the qualified broadband
- 14 investment tax credit.
- 15 (3) The commissioner shall make available any information for official use only and on
- 16 a confidential basis to the proper officer, agency, board or commission of this state,
- 17 any Kentucky county, any Kentucky city, any other state, or the federal
- 18 government, under reciprocal agreements whereby the department shall receive
- 19 similar or useful information in return.
- 20 (4) Access to and inspection of information received from the Internal Revenue Service
- 21 is for department use only, and is restricted to tax administration purposes.
- 22 Information received from the Internal Revenue Service shall not be made available
- 23 to any other agency of state government, or any county, city, or other state, and
- 24 shall not be inspected intentionally and without authorization by any present
- 25 secretary or employee of the Finance and Administration Cabinet, commissioner or
- 26 employee of the department, or any other person.
- 27 (5) Statistics of crude oil as reported to the department under the crude oil excise tax

1 requirements of KRS Chapter 137 and statistics of natural gas production as
2 reported to the department under the natural resources severance tax requirements
3 of KRS Chapter 143A may be made public by the department by release to the
4 Energy and Environment Cabinet, Department for Natural Resources.

- 5 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
6 submissions for the 1989 tax year, the department may make public or divulge only
7 those portions of mine maps submitted by taxpayers to the department pursuant to
8 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
9 out parcel areas. These electronic maps shall not be relied upon to determine actual
10 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
11 required under KRS Chapters 350 and 352 shall not be construed to constitute land
12 surveying or boundary surveys as defined by KRS 322.010 and any administrative
13 regulations promulgated thereto.

14 ➔Section 14. KRS 141.010 is amended to read as follows:

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

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

1 property owned, constructively owned, or controlled by the real
2 estate investment trust; or

3 b. Ten percent (10%), if the corporation occupies property owned,
4 constructively owned, or controlled by the real estate investment
5 trust.

6 The total ownership interest of a corporation shall be determined by
7 aggregating all interests owned or constructively owned by a
8 corporation; and

9 2. For the purposes of this paragraph:

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

14 b. "Owned or constructively owned" means owning shares or having
15 an ownership interest in the real estate investment trust, or owning
16 an interest in an entity that owns shares or has an ownership
17 interest in the real estate investment trust. Constructive ownership
18 shall be determined by looking across multiple layers of a
19 multilayer pass-through structure; and

20 (c) The real estate investment trust is not owned by another real estate investment
21 trust;

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

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

25 (5) "Critical infrastructure" means property and equipment owned or used by
26 communications networks, electric generation, transmission or distribution systems,
27 gas distribution systems, or water or wastewater pipelines that service multiple

- 1 customers or citizens, including but not limited to real and personal property such
2 as buildings, offices, lines, poles, pipes, structures, or equipment;
- 3 (6) "Declared state disaster or emergency" means a disaster or emergency event for
4 which:
- 5 (a) The Governor has declared a state of emergency pursuant to KRS 39A.100; or
6 (b) A presidential declaration of a federal major disaster or emergency has been
7 issued;
- 8 (7) "Department" means the Department of Revenue;
- 9 (8) "Dependent" means those persons defined as dependents in the Internal Revenue
10 Code;
- 11 (9) "Disaster or emergency-related work" means repairing, renovating, installing,
12 building, or rendering services that are essential to the restoration of critical
13 infrastructure that has been damaged, impaired, or destroyed by a declared state
14 disaster or emergency;
- 15 (10) "Disaster response business" means any entity:
- 16 (a) That has no presence in the state and conducts no business in the state, except
17 for disaster or emergency-related work during a disaster response period;
- 18 (b) Whose services are requested by a registered business or by a state or local
19 government for purposes of performing disaster or emergency-related work in
20 the state during a disaster response period; and
- 21 (c) That has no registrations, tax filings, or nexus in this state other than disaster
22 or emergency-related work during the calendar year immediately preceding
23 the declared state disaster or emergency;
- 24 (11) "Disaster response employee" means an employee who does not work or reside in
25 the state, except for disaster or emergency-related work during the disaster response
26 period;
- 27 (12) "Disaster response period" means a period that begins ten (10) days prior to the first

1 day of the Governor's declaration under KRS 39A.100, or the President's
2 declaration of a federal major disaster or emergency, whichever occurs first, and
3 that extends thirty (30) calendar days after the declared state disaster or emergency;

4 (13) "Doing business in this state" includes but is not limited to:

5 (a) Being organized under the laws of this state;

6 (b) Having a commercial domicile in this state;

7 (c) Owning or leasing property in this state;

8 (d) Having one (1) or more individuals performing services in this state;

9 (e) Maintaining an interest in a pass-through entity doing business in this state;

10 (f) Deriving income from or attributable to sources within this state, including
11 deriving income directly or indirectly from a trust doing business in this state,
12 or deriving income directly or indirectly from a single-member limited
13 liability company that is doing business in this state and is disregarded as an
14 entity separate from its single member for federal income tax purposes; or

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

17 Nothing in this subsection shall be interpreted in a manner that goes beyond the
18 limitations imposed and protections provided by the United States Constitution or
19 Pub. L. No. 86-272;

20 (14) "Employee" has the same meaning as in Section 3401(c) of the Internal Revenue
21 Code;

22 (15) "Employer" has the same meaning as in Section 3401(d) of the Internal Revenue
23 Code;

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

26 (17) "Financial institution" means:

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

- 1 of organizing as a national bank association pursuant to the provisions of the
2 National Bank Act, 12 U.S.C. secs. 21 et seq., in effect on December 31,
3 1997, exclusive of any amendments made subsequent to that date;
- 4 (b) Any bank or trust company incorporated or organized under the laws of any
5 state, except a banker's bank organized under KRS 286.3-135;
- 6 (c) Any corporation organized under the provisions of 12 U.S.C. secs. 611 to 631,
7 in effect on December 31, 1997, exclusive of any amendments made
8 subsequent to that date, or any corporation organized after December 31,
9 1997, that meets the requirements of 12 U.S.C. secs. 611 to 631, in effect on
10 December 31, 1997; or
- 11 (d) Any agency or branch of a foreign depository as defined in 12 U.S.C. sec.
12 3101, in effect on December 31, 1997, exclusive of any amendments made
13 subsequent to that date, or any agency or branch of a foreign depository
14 established after December 31, 1997, that meets the requirements of 12 U.S.C.
15 sec. 3101 in effect on December 31, 1997;
- 16 (18) "Fiscal year" has the same meaning as in Section 7701(a)(24) of the Internal
17 Revenue Code;
- 18 (19) "Gross income":
- 19 (a) In the case of taxpayers other than corporations, has the same meaning as in
20 Section 61 of the Internal Revenue Code; and
- 21 (b) In the case of corporations, means the amount calculated in KRS 141.039;
- 22 (20) "Individual" means a natural person;
- 23 (21) "Internal Revenue Code" means for taxable years beginning on or after January 1,
24 2024~~[2023]~~, the Internal Revenue Code in effect on December 31, 2023~~[2022]~~,
25 exclusive of any amendments made subsequent to that date, other than amendments
26 that extend provisions in effect on December 31, 2023~~[2022]~~, that would otherwise
27 terminate;

- 1 (22) "Limited liability pass-through entity" means any pass-through entity that affords
2 any of its partners, members, shareholders, or owners, through function of the laws
3 of this state or laws recognized by this state, protection from general liability for
4 actions of the entity;
- 5 (23) "Modified gross income" means the greater of:
- 6 (a) Adjusted gross income as defined in 26 U.S.C. sec. 62, including any
7 amendments in effect on December 31 of the taxable year, and adjusted as
8 follows:
- 9 1. Include interest income derived from obligations of sister states and
10 political subdivisions thereof; and
- 11 2. Include lump-sum pension distributions taxed under the special
12 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or
- 13 (b) Adjusted gross income as defined in subsection (1) of this section and
14 adjusted to include lump-sum pension distributions taxed under the special
15 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);
- 16 (24) "Net income":
- 17 (a) In the case of taxpayers other than corporations, means the amount calculated
18 in KRS 141.019; and
- 19 (b) In the case of corporations, means the amount calculated in KRS 141.039;
- 20 (25) "Nonresident" means any individual not a resident of this state;
- 21 (26) "Number of withholding exemptions claimed" means the number of withholding
22 exemptions claimed in a withholding exemption certificate in effect under KRS
23 141.325, except that if no such certificate is in effect, the number of withholding
24 exemptions claimed shall be considered to be zero;
- 25 (27) "Part-year resident" means any individual that has established or abandoned
26 Kentucky residency during the calendar year;
- 27 (28) "Pass-through entity" means any partnership, S corporation, limited liability

1 company, limited liability partnership, limited partnership, or similar entity
2 recognized by the laws of this state that is not taxed for federal purposes at the
3 entity level, but instead passes to each partner, member, shareholder, or owner their
4 proportionate share of income, deductions, gains, losses, credits, and any other
5 similar attributes;

6 (29) "Payroll period" has the same meaning as in Section 3401(b) of the Internal
7 Revenue Code;

8 (30) "Person" has the same meaning as in Section 7701(a)(1) of the Internal Revenue
9 Code;

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

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

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

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

21 (35) "Taxable net income":

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

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

27 (c) For homeowners' associations as defined in Section 528(c) of the Internal

1 Revenue Code, means "taxable income" as defined in Section 528(d) of the
2 Internal Revenue Code. Notwithstanding the provisions of subsection (21) of
3 this section, the Internal Revenue Code sections referred to in this paragraph
4 shall be those code sections in effect for the applicable tax year; and

5 (d) For a corporation that meets the requirements established under Section 856
6 of the Internal Revenue Code to be a real estate investment trust, means "real
7 estate investment trust taxable income" as defined in Section 857(b)(2) of the
8 Internal Revenue Code, except that a captive real estate investment trust shall
9 not be allowed any deduction for dividends paid;

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

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

18 ➔Section 15. KRS 141.020 is amended to read as follows:

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

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

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

- 1 a. The amount of moneys in the fund at the end of a fiscal year;
- 2 b. All close-out actions related to a budget reduction plan under KRS
- 3 48.130 or as modified in a branch budget bill; and
- 4 c. All close-out actions related to the surplus expenditure plan under
- 5 KRS 48.140 or as modified in a branch budget bill;
- 6 2. "GF appropriations" means the authorization by the General Assembly
- 7 to expend GF moneys, excluding:
- 8 a. Continuing appropriations;
- 9 b. Any appropriation to the budget reserve trust fund;~~and~~
- 10 c. Any lump-sum appropriation to a state-administered retirement
- 11 system, as defined in KRS 7A.210, that is in excess of the
- 12 appropriations specifically budgeted to meet the recurring
- 13 statutorily required contributions or recurring actuarially
- 14 determined contributions for a state-administered retirement
- 15 system under KRS 21.525, 61.565, 61.702, 78.635, 78.5536, or
- 16 161.550, as applicable; and
- 17 *d. Any appropriation from the budget reserve trust fund account*
- 18 *established in KRS 48.705 that is:*
- 19 *i. Solely supported by moneys from the budget reserve trust*
- 20 *fund account; and*
- 21 *ii. Specifically identified in the appropriation language as not*
- 22 *being a GF appropriation for the purposes of this section;*
- 23 3. "GF moneys" means receipts deposited in the general fund defined in
- 24 KRS 48.010, excluding tobacco moneys deposited in the fund
- 25 established in KRS 248.654;
- 26 4. "IIT equivalent" means the amount of reduction in GF moneys resulting
- 27 from a one (1) percentage point reduction to the individual income tax

- 1 rate and shall be calculated by dividing the actual individual income tax
2 receipts for the fiscal year under consideration by:
- 3 a. The sum of:
- 4 i. The individual income tax rate, expressed as a percentage,
5 for the first six (6) months of the fiscal year; and
- 6 ii. The individual income tax rate, expressed as a percentage,
7 for the second six (6) months of the fiscal year; and
- 8 b. Dividing the sum determined in subdivision a. of this
9 subparagraph by two (2);
- 10 5. "Reduction conditions" means:
- 11 a. The balance in the BRTF at the end of a fiscal year shall be equal
12 to or greater than ten percent (10%) of the GF moneys for that
13 fiscal year; and
- 14 b. GF moneys at the end of a fiscal year shall be equal to or greater
15 than GF appropriations for that fiscal year plus the IIT equivalent
16 for that fiscal year; and
- 17 6. "Tax rate reduction" means the current tax rate minus five-tenths of one
18 percent (0.5%).
- 19 (b) For taxable years beginning on or after January 1, 2023, but prior to January
20 1, 2024, the tax shall be four and one-half percent (4.5%) of net income.
- 21 (c) For taxable years beginning on or after January 1, 2024, the tax shall be four
22 percent (4%) of net income.
- 23 (d) 1. For taxable years beginning on or after January 1, 2025, the income tax
24 rate may be reduced according to the annual process established in
25 subparagraphs 2. to 5. of this paragraph.
- 26 2. The Office of State Budget Director shall review the reduction
27 conditions for the fiscal year 2022-2023 no later than September 1,

1 2023.

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

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

8 b. The amounts associated with each item within the reduction
9 conditions used for making that determination.

10 4. a. If the reduction conditions have been met for fiscal year 2022-
11 2023, the General Assembly may take action to reduce the rate in
12 paragraph (c) of this subsection for the taxable year beginning
13 January 1, 2025.

14 b. If the reduction conditions have not been met for fiscal year 2022-
15 2023 or the General Assembly does not take action to reduce the
16 rate in paragraph (c) of this subsection, the department shall
17 maintain the rate in paragraph (c) of this subsection for the taxable
18 year beginning January 1, 2025.

19 5. a. The Office of State Budget Director shall implement an annual
20 process to review and report future reduction conditions at the
21 same time and in the same manner for each fiscal year subsequent
22 to the fiscal year 2022-2023 and each taxable year subsequent to
23 the taxable year beginning January 1, 2025.

24 b. The department shall not implement an income tax rate reduction
25 without an action by the General Assembly.

26 c. The annual process shall continue until the income tax rate is zero.

27 (e) For taxable years beginning on or after January 1, 2018, but before January 1,

1 2023, the tax shall be five percent (5%) of net income.

2 (f) For taxable years beginning after December 31, 2004, and before January 1,
3 2018, the tax shall be determined by applying the following rates to net
4 income:

- 5 1. Two percent (2%) of the amount of net income up to three thousand
6 dollars (\$3,000);
- 7 2. Three percent (3%) of the amount of net income over three thousand
8 dollars (\$3,000) and up to four thousand dollars (\$4,000);
- 9 3. Four percent (4%) of the amount of net income over four thousand
10 dollars (\$4,000) and up to five thousand dollars (\$5,000);
- 11 4. Five percent (5%) of the amount of net income over five thousand
12 dollars (\$5,000) and up to eight thousand dollars (\$8,000);
- 13 5. Five and eight-tenths percent (5.8%) of the amount of net income over
14 eight thousand dollars (\$8,000) and up to seventy-five thousand dollars
15 (\$75,000); and
- 16 6. Six percent (6%) of the amount of net income over seventy-five
17 thousand dollars (\$75,000).

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

- 20 1. a. For taxable years beginning before January 1, 2014, twenty dollars
21 (\$20) for an unmarried individual; and
- 22 b. For taxable years beginning on or after January 1, 2014, and
23 before January 1, 2018, ten dollars (\$10) for an unmarried
24 individual;
- 25 2. a. For taxable years beginning before January 1, 2014, twenty dollars
26 (\$20) for a married individual filing a separate return and an
27 additional twenty dollars (\$20) for the spouse of taxpayer if a

1 separate return is made by the taxpayer and if the spouse, for the
2 calendar year in which the taxable year of the taxpayer begins, had
3 no Kentucky gross income and is not the dependent of another
4 taxpayer; or forty dollars (\$40) for married persons filing a joint
5 return, provided neither spouse is the dependent of another
6 taxpayer. The determination of marital status for the purpose of
7 this section shall be made in the manner prescribed in Section 153
8 of the Internal Revenue Code; and

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

20 3. a. For taxable years beginning before January 1, 2014, twenty dollars
21 (\$20) credit for each dependent. No credit shall be allowed for any
22 dependent who has made a joint return with his or her spouse; and

23 b. For taxable years beginning on or after January 1, 2014, and
24 before January 1, 2018, ten dollars (\$10) credit for each
25 dependent. No credit shall be allowed for any dependent who has
26 made a joint return with his or her spouse;

27 4. An additional forty dollars (\$40) credit if the taxpayer has attained the

- 1 age of sixty-five (65) before the close of the taxable year;
- 2 5. 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 has
- 4 attained the age of sixty-five (65) before the close of the taxable year,
- 5 and, for the calendar year in which the taxable year of the taxpayer
- 6 begins, has no Kentucky gross income and is not the dependent of
- 7 another taxpayer;
- 8 6. An additional forty dollars (\$40) credit if the taxpayer is blind at the
- 9 close of the taxable year;
- 10 7. An additional forty dollars (\$40) credit for taxpayer's spouse if a
- 11 separate return is made by the taxpayer and if the taxpayer's spouse is
- 12 blind, and, for the calendar year in which the taxable year of the
- 13 taxpayer begins, has no Kentucky gross income and is not the dependent
- 14 of another taxpayer; and
- 15 8. An additional twenty dollars (\$20) credit shall be allowed if the taxpayer
- 16 is a member of the Kentucky National Guard at the close of the taxable
- 17 year.
- 18 (b) In the case of nonresidents, the tax credits allowable under this subsection
- 19 shall be the portion of the credits that are represented by the ratio of the
- 20 taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to
- 21 the taxpayer's adjusted gross income as defined in Section 62 of the Internal
- 22 Revenue Code. However, in the case of a married nonresident taxpayer with
- 23 income from Kentucky sources, whose spouse has no income from Kentucky
- 24 sources, the taxpayer shall determine allowable tax credit(s) by either:
- 25 1. The method contained above applied to the taxpayer's tax credit(s),
- 26 excluding credits for a spouse and dependents; or
- 27 2. Prorating the taxpayer's tax credit(s) plus the tax credits for the

1 taxpayer's spouse and dependents by the ratio of the taxpayer's
2 Kentucky adjusted gross income as determined by KRS 141.019 to the
3 total joint federal adjusted gross income of the taxpayer and the
4 taxpayer's spouse.

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

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

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

27 (6) A part-year resident is subject to taxation, as prescribed in subsection (1) of this

1 section, during that portion of the taxable year that the individual is a resident and,
2 as prescribed in subsection (4) of this section, during that portion of the taxable year
3 when the individual is a nonresident.

4 ➔Section 16. KRS 141.039 is amended to read as follows:

5 In the case of corporations:

- 6 (1) Gross income shall be calculated by adjusting federal gross income as defined in
7 Section 61 of the Internal Revenue Code as follows:
- 8 (a) Exclude income that is exempt from state taxation by the Kentucky
9 Constitution and the Constitution and statutory laws of the United States;
 - 10 (b) Exclude all dividend income;
 - 11 (c) Include interest income derived from obligations of sister states and political
12 subdivisions thereof;
 - 13 (d) Exclude fifty percent (50%) of gross income derived from any disposal of
14 coal covered by Section 631(c) of the Internal Revenue Code if the
15 corporation does not claim any deduction for percentage depletion, or for
16 expenditures attributable to the making and administering of the contract
17 under which such disposition occurs or to the preservation of the economic
18 interests retained under such contract;
 - 19 (e) Include the amount calculated under KRS 141.205;
 - 20 (f) Ignore the provisions of Section 281 of the Internal Revenue Code in
21 computing gross income;
 - 22 (g) Include the amount of depreciation deduction calculated under 26 U.S.C. sec.
23 167 or 168;
 - 24 (h) Allow the same treatment allowed under Pub. L. No. 116-260, secs. 276 and
25 278, related to the tax treatment of forgiven covered loans, deductions
26 attributable to those loans, and tax attributes associated with those loans for
27 taxable years ending on or after March 27, 2020, but before January 1, 2022;

1 and

2 (i) For taxable years beginning on or after January 1, 2020, but before March 11,
3 2023, allow the same treatment of restaurant revitalization grants in
4 accordance with Pub. L. No. 117-2, sec. 9673 and 15 U.S.C. sec. 9009c,
5 related to the tax treatment of the grants, deductions attributable to those
6 grants, and tax attributes associated with those grants; and

7 (2) Net income shall be calculated by subtracting from gross income:

8 (a) The deduction for depreciation allowed by KRS 141.0101;

9 (b) Any amount paid for vouchers or similar instruments that provide health
10 insurance coverage to employees or their families;

11 (c) All the deductions from gross income allowed corporations by Chapter 1 of
12 the Internal Revenue Code, as modified by KRS 141.0101, except:

13 1. Any deduction for a state tax which is computed, in whole or in part, by
14 reference to gross or net income and which is paid or accrued to any
15 state of the United States, the District of Columbia, the Commonwealth
16 of Puerto Rico, any territory or possession of the United States, or to any
17 foreign country or political subdivision thereof;

18 2. The deductions contained in Sections 243, 245, and 247 of the Internal
19 Revenue Code;

20 3. The provisions of Section 281 of the Internal Revenue Code shall be
21 ignored in computing net income;

22 4. Any deduction directly or indirectly allocable to income which is either
23 exempt from taxation or otherwise not taxed under the provisions of this
24 chapter, except for deductions allowed under Pub. L. No. 116-260, secs.
25 276 and 278, related to the tax treatment of forgiven covered loans and
26 deductions attributable to those loans for taxable years ending on or
27 after March 27, 2020, but before January 1, 2022; and deductions

1 allowed under Pub. L. No. 117-2, sec. 9673 and 15 U.S.C. sec. 9009c,
2 related to the tax treatment of restaurant revitalization grants and
3 deductions attributable to those grants for taxable years beginning on or
4 after January 1, 2020, but before March 11, 2023. Nothing in this
5 chapter shall be construed to permit the same item to be deducted more
6 than once;

7 5. Any deduction for amounts paid to any club, organization, or
8 establishment which has been determined by the courts or an agency
9 established by the General Assembly and charged with enforcing the
10 civil rights laws of the Commonwealth, not to afford full and equal
11 membership and full and equal enjoyment of its goods, services,
12 facilities, privileges, advantages, or accommodations to any person
13 because of race, color, religion, national origin, or sex, except nothing
14 shall be construed to deny a deduction for amounts paid to any religious
15 or denominational club, group, or establishment or any organization
16 operated solely for charitable or educational purposes which restricts
17 membership to persons of the same religion or denomination in order to
18 promote the religious principles for which it is established and
19 maintained;

20 6. Any deduction prohibited by KRS 141.205; and

21 7. Any dividends-paid deduction of any captive real estate investment
22 trust; and

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

25 2. For purposes of this paragraph:

26 a. "Net deferred tax asset" means that deferred tax assets exceed the
27 deferred tax liabilities of the combined group, as computed in

- 1 accordance with accounting principles generally accepted in the
2 United States of America; and
- 3 b. "Net deferred tax liability" means deferred tax liabilities that
4 exceed the deferred tax assets of a combined group as defined in
5 KRS 141.202, as computed in accordance with accounting
6 principles generally accepted in the United States of America.
- 7 3. Only publicly traded companies, including affiliated corporations
8 participating in the filing of a publicly traded company's financial
9 statements prepared in accordance with accounting principles generally
10 accepted in the United States of America, as of January 1, 2019, shall be
11 eligible for this deduction.
- 12 4. If the provisions of KRS 141.202 result in an aggregate increase to the
13 member's net deferred tax liability, an aggregate decrease to the
14 member's net deferred tax asset, or an aggregate change from a net
15 deferred tax asset to a net deferred tax liability, the combined group
16 shall be entitled to a deduction, as determined in this paragraph.
- 17 5. For ten (10) years beginning with the combined group's first taxable
18 year beginning on or after January 1, ~~2026~~²⁰²⁴, a combined group
19 shall be entitled to a deduction from the combined group's entire net
20 income equal to one-tenth (1/10) of the amount necessary to offset the
21 increase in the net deferred tax liability, decrease in the net deferred tax
22 asset, or aggregate change from a net deferred tax asset to a net deferred
23 tax liability. The increase in the net deferred tax liability, decrease in the
24 net deferred tax asset, or the aggregate change from a net deferred tax
25 asset to a net deferred tax liability shall be computed based on the
26 change that would result from the imposition of the combined reporting
27 requirement under KRS 141.202, but for the deduction provided under

- 1 this paragraph as of June 27, 2019.
- 2 6. The deferred tax impact determined in subparagraph 5. of this paragraph
- 3 shall be converted to the annual deferred tax deduction amount, as
- 4 follows:
- 5 a. The deferred tax impact determined in subparagraph 5. of this
- 6 paragraph shall be divided by the tax rate determined under KRS
- 7 141.040;
- 8 b. The resulting amount shall be further divided by the
- 9 apportionment factor determined by KRS 141.120 or 141.121 that
- 10 was used by the combined group in the calculation of the deferred
- 11 tax assets and deferred tax liabilities as described in subparagraph
- 12 5. of this paragraph; and
- 13 c. The resulting amount represents the total net deferred tax
- 14 deduction available over the ten (10) year period as described in
- 15 subparagraph 5. of this paragraph.
- 16 7. The deduction calculated under this paragraph shall not be adjusted as a
- 17 result of any events happening subsequent to the calculation, including
- 18 but not limited to any disposition or abandonment of assets. The
- 19 deduction shall be calculated without regard to the federal tax effect and
- 20 shall not alter the tax basis of any asset. If the deduction under this
- 21 section is greater than the combined group's entire Kentucky net income,
- 22 any excess deduction shall be carried forward and applied as a deduction
- 23 to the combined group's entire net income in future taxable years until
- 24 fully utilized.
- 25 8. Any combined group intending to claim a deduction under this
- 26 paragraph shall file a statement with the department on or before July 1,
- 27 2019. The statement shall specify the total amount of the deduction

1 which the combined group claims on the form, including calculations
2 and other information supporting the total amounts of the deduction as
3 required by the department. No deduction shall be allowed under this
4 paragraph for any taxable year, except to the extent claimed on the
5 timely filed statement in accordance with this paragraph.

6 ➔Section 17. KRS 143.022 is amended to read as follows:

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

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

15 (3) The refund process allowed under subsection (1) of this section is available
16 beginning on or after August 1, 2020, but before July 1, ~~2028~~²⁰²⁴, and limited
17 during any calendar year to the export of a combined total of ten million
18 (10,000,000) tons of coal subject to the tax imposed under KRS 143.020 and
19 exported through United States coal export terminals to markets outside of North
20 America.

21 ➔Section 18. KRS 186.010 is amended to read as follows:

22 As used in this chapter, unless otherwise indicated:

23 (1) "Cabinet," as used in KRS 186.400 to 186.640, means the Transportation Cabinet;
24 except as specifically designated, "cabinet," as used in KRS 186.020 to 186.270,
25 means the Transportation Cabinet only with respect to motor vehicles, other than
26 commercial vehicles; "cabinet," as used in KRS 186.020 to 186.270, means the
27 Department of Vehicle Regulation when used with respect to commercial vehicles;

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

1 and with the right of purchase upon performance of the conditions stated in
2 the agreement and with an immediate right of possession vested in the
3 conditional vendee or lessee, or if a mortgagor of a vehicle is entitled to
4 possession, the conditional vendee or lessee or mortgagor shall be deemed the
5 owner.

6 (c) A licensed motor vehicle dealer who transfers physical possession of a motor
7 vehicle to a purchaser pursuant to a bona fide sale, and complies with the
8 requirements of KRS 186A.220, shall not be deemed the owner of that motor
9 vehicle solely due to an assignment to his dealership or a certificate of title in
10 the dealership's name. Rather, under these circumstances, ownership shall
11 transfer upon delivery of the vehicle to the purchaser, subject to any
12 applicable security interest;

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

24 (b) As used in KRS 186.400 to 186.640, "vehicle" means every device in, upon,
25 or by which any person or property is or may be transported or drawn upon a
26 public highway, except electric low-speed scooters, devices moved by human
27 and animal power or used exclusively upon stationary rails or tracks, or which

- 1 derives its power from overhead wires;
- 2 (9) KRS 186.020 to 186.270 apply to motor vehicle licenses. KRS 186.400 to 186.640
3 apply to operator's licenses;
- 4 (10) "Dealer" means any person engaging in the business of buying or selling motor
5 vehicles;
- 6 (11) "Commercial vehicles" means all motor vehicles that are required to be registered
7 under the terms of KRS 186.050, but not including vehicles primarily designed for
8 carrying passengers and having provisions for not more than nine (9) passengers
9 (including driver), motorcycles, sidecar attachments, pickup trucks and passenger
10 vans which are not being used for commercial or business purposes, and motor
11 vehicles registered under KRS 186.060;
- 12 (12) "Resident" means any person who has established Kentucky as his or her state of
13 domicile. Proof of residency shall include but not be limited to a deed or property
14 tax bill, utility agreement or utility bill, or rental housing agreement. The possession
15 by an operator of a vehicle of a valid Kentucky operator's license shall be prima-
16 facie evidence that the operator is a resident of Kentucky;
- 17 (13) "Special status individual" means:
- 18 (a) "Asylee" means any person lawfully present in the United States who
19 possesses an I-94 card issued by the United States Department of Justice,
20 Immigration and Naturalization Service, on which it states "asylum status
21 granted indefinitely pursuant to Section 208 of the Immigration & Nationality
22 Act";
- 23 (b) "K-1 status" means the status of any person lawfully present in the United
24 States who has been granted permission by the United States Department of
25 Justice, Immigration and Naturalization Service to enter the United States for
26 the purpose of marrying a United States citizen within ninety (90) days from
27 the date of that entry;

- 1 (c) "Refugee" means any person lawfully present in the United States who
2 possesses an I-94 card issued by the United States Department of Justice,
3 Immigration and Naturalization Service, on which it states "admitted as a
4 refugee pursuant to Section 207 of the Immigration & Nationality Act"; and
- 5 (d) "Paroled in the Public Interest" means any person lawfully present in the
6 United States who possesses an I-94 card issued by the United States
7 Department of Justice, Immigration and Naturalization Service, on which it
8 states "paroled pursuant to Section 212 of the Immigration & Nationality Act
9 for an indefinite period of time";
- 10 (14) "Instruction permit" includes both motor vehicle instruction permits and motorcycle
11 instruction permits;
- 12 (15) "Motorcycle" means any motor driven vehicle that has a maximum speed that
13 exceeds fifty (50) miles per hour, has a seat or saddle for the use of the operator,
14 and is designed to travel on not more than three (3) wheels in contact with the
15 ground, including vehicles on which the operator and passengers ride in an enclosed
16 cab. Only for purposes of registration, "motorcycle" shall include a motor scooter,
17 an alternative-speed motorcycle, and an auticycle as defined in this section, but
18 shall not include a tractor or a moped as defined in this section;
- 19 (16) "Low-speed vehicle" means a motor vehicle that:
- 20 (a) Is self-propelled using an electric motor, combustion-driven motor, or a
21 combination thereof;
- 22 (b) Is four (4) wheeled; and
- 23 (c) Is designed to operate at a speed not to exceed twenty-five (25) miles per hour
24 as certified by the manufacturer;
- 25 (17) "Alternative-speed motorcycle" means a motorcycle that:
- 26 (a) Is self-propelled using an electric motor;
- 27 (b) Is three (3) wheeled;

- 1 (c) Has a fully enclosed cab and includes at least one (1) door for entry;
- 2 (d) Is designed to operate at a speed not to exceed forty (40) miles per hour as
3 certified by the manufacturer; and
- 4 (e) Is not an autocycle as defined in this section;
- 5 (18) "Multiple-vehicle driving range" means an enclosed area that is not part of a
6 highway or otherwise open to the public on which a number of motor vehicles may
7 be used simultaneously to provide driver training under the supervision of one (1)
8 or more driver training instructors;
- 9 (19) "Autocycle" means any motor vehicle that:
- 10 (a) Is equipped with a seat that does not require the operator to straddle or sit
11 astride it;
- 12 (b) Is designed to travel on three (3) wheels in contact with the ground;
- 13 (c) Is designed to operate at a speed that exceeds forty (40) miles per hour as
14 certified by the manufacturer;
- 15 (d) Allows the operator and passenger to ride either side-by-side or in tandem in a
16 seating area that may be enclosed with a removable or fixed top;
- 17 (e) Is equipped with a three (3) point safety belt system;
- 18 (f) May be equipped with a manufacturer-installed air bags or a roll cage;
- 19 (g) Is designed to be controlled with a steering wheel and pedals; and
- 20 (h) Is not an alternative-speed motorcycle as defined in this section;
- 21 (20) "Military surplus vehicle" means a multipurpose wheeled surplus military vehicle
22 that:
- 23 (a) Is not operated using continuous tracks;
- 24 (b) Was originally manufactured for and sold directly to the Armed Forces of the
25 United States; and
- 26 (c) Was originally manufactured under the federally mandated requirements set
27 forth in 49 C.F.R. sec. 571.7;

- 1 (21) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,
2 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid
3 species;
- 4 (22) "Identity document" means an instruction permit, operator's license, or personal
5 identification card issued under KRS 186.4102, 186.412, 186.4121, 186.4122, and
6 186.4123 or a commercial driver's license issued under KRS Chapter 281A;
- 7 (23) "Travel ID," as it refers to an identity document, means a document that complies
8 with Pub. L. No. 109-13, Title II;
- 9 (24) "Motor scooter" means a low-speed motorcycle that is:
- 10 (a) Equipped with wheels greater than sixteen (16) inches in diameter;
- 11 (b) Equipped with an engine greater than fifty (50) cubic centimeters;
- 12 (c) Designed to operate at a speed not to exceed fifty (50) miles per hour;
- 13 (d) Equipped with brake horsepower of two (2) or greater; and
- 14 (e) Equipped with a step-through frame or a platform for the operator's feet;
- 15 (25) "Alternative technology," as used in KRS 186.400 to 186.640, means methods used
16 by the cabinet to facilitate the issuance of operator's licenses and personal
17 identification cards outside of the normal in-person application at a cabinet office,
18 including but not limited to a cabinet mobile unit or online services;
- 19 (26) "Electric motorcycle" means the same as "motorcycle" or "motor scooter" as
20 defined in this section, that is powered by a:
- 21 (a) Battery or equivalent energy storage device that can be charged with an
22 electric plug using an external electricity source; or
- 23 (b) Combination of an internal combustion engine and electric motor; ***and***
- 24 (27) "Electric vehicle" means any vehicle that has plug-in charging capability, regardless
25 of whether the vehicle is powered by:
- 26 (a) An electric motor only; or
- 27 (b) A combination of an internal combustion engine and electric power;

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

and

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

➔Section 19. KRS 186.050 is amended to read as follows:

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

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

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

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

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

Declared Gross Weight of Vehicle	Registration
and Any Towed Unit	Fee

1	10,001-14,000	30.00
2	14,001-18,000	50.00
3	18,001-22,000	132.00
4	22,001-26,000	160.00
5	26,001-32,000	216.00
6	32,001-38,000	300.00
7	38,001-44,000	474.00
8	44,001-55,000	669.00
9	55,001-62,000	1,007.00
10	62,001-73,280	1,250.00
11	73,281-80,000	1,410.00

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

23 2. Any farmer owning a truck having a gross weight of twenty-six
24 thousand one (26,001) pounds to thirty-eight thousand (38,000) pounds
25 may have it registered as a farmer's truck and obtain a license for eleven
26 dollars and fifty cents (\$11.50). The applicant's signature upon the
27 certificate of registration and ownership shall constitute a certificate that

1 he is a farmer engaged in the production of crops, livestock, or dairy
2 products, that he owns a truck of the gross weight between twenty-six
3 thousand one (26,001) pounds and thirty-eight thousand (38,000)
4 pounds, and that during the next twelve (12) months the truck shall not
5 be used in for-hire transportation and may be used in transporting
6 persons, food, provender, feed, machinery, livestock, material, and
7 supplies necessary for his farming operation and the products grown on
8 his farm.

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

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

- 1 (5) Any person owning a truck or bus used solely in transporting school children and
2 school employees may have the truck or bus registered as a school bus and obtain a
3 license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in
4 addition to other information required, an affidavit stating that the truck or bus is
5 used solely in the transportation of school children and persons employed in the
6 schools of the district, that he has caused to be printed on each side of the truck or
7 bus and on the rear door the words "School Bus" in letters at least six (6) inches
8 high, and of a conspicuous color, and the truck or bus will be used during the next
9 twelve (12) months only for the purpose stated.
- 10 (6) Any church or religious organization owning a truck or bus used solely in
11 transporting persons to and from a place of worship or for other religious work may
12 have the truck or bus registered as a church bus and obtain a license for eleven
13 dollars and fifty cents (\$11.50) by filing with the county clerk, in addition to other
14 information required, an affidavit stating that the truck or bus will be used only for
15 the transporting of persons to and from a place of worship, or for other religious
16 work, and that there has been printed on the truck or bus in large letters the words
17 "Church Bus," with the name of the church or religious organization owning and
18 using the truck or bus, and that during the next twelve (12) months the truck or bus
19 will be used only for the purpose stated.
- 20 (7) Any person owning a motor vehicle with a gross weight of fourteen thousand
21 (14,000) pounds or less on which a wrecker crane or other equipment suitable for
22 wrecker service has been permanently mounted may register the vehicle and obtain
23 a license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in
24 addition to other information required, an affidavit that a wrecker crane or other
25 equipment suitable for wrecker service has been permanently mounted on such
26 vehicle and that during the next twelve (12) months the vehicle will be used only in
27 wrecker service. If the gross weight of the vehicle exceeds fourteen thousand

1 (14,000) pounds, the vehicle shall be registered in accordance with subsection (3) of
2 this section. The gross weight of a vehicle used in wrecker service shall not include
3 the weight of the vehicle being towed by the wrecker.

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

26 (9) Motor vehicles having a declared gross weight in excess of eighteen thousand
27 (18,000) pounds, which are used exclusively for the transportation of primary forest

1 products from the harvest area to a mill or other processing facility, where such mill
2 or processing facility is located at a point not more than fifty (50) air miles from the
3 harvest area or which are used exclusively for the transportation of concrete blocks
4 or ready-mixed concrete from the point at which such concrete blocks or ready-
5 mixed concrete is produced to a construction site where such concrete blocks or
6 ready-mixed concrete is to be used, where such construction site is located at a
7 point not more than thirty (30) air miles from the point at which such concrete
8 blocks or ready-mixed concrete is produced shall not be required to pay the fee as
9 set out in subsection (3) of this section, and in lieu thereof, shall pay seventy-five
10 percent (75%) of the fee set out in subsection (3) of this section and shall be exempt
11 from any fee charged under the provisions of KRS 281.752. The applicant's
12 signature upon the certificate of registration and ownership shall constitute a
13 certification that the motor vehicle will not be used during the current registration
14 period in any manner other than that for which the reduced fee is provided in this
15 section.

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

27 (11) The annual registration fee for self-propelled vehicles containing sleeping or eating

1 facilities shall be twenty dollars (\$20) and the multiyear license plate issued shall be
2 designated "Recreational vehicle." The foregoing shall not include any motor
3 vehicle primarily designed for commercial or farm use having temporarily attached
4 thereto any sleeping or eating facilities, or any commercial vehicle having sleeping
5 facilities.

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

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

24 (b) Any owner of a commercial vehicle who is required to title his motor vehicle
25 under this section shall first title such vehicle with the county clerk pursuant
26 to KRS 186.020 for a state fee of one dollar (\$1). Title to such vehicle may be
27 transferred; however title without proper registration shall not authorize the

1 operation or use of the vehicle on any public highway. Any commercial
2 vehicle properly titled in Kentucky may also be registered in Kentucky, and,
3 upon payment of the required fees, the department may issue an apportioned
4 registration plate to such commercial vehicle.

5 (c) Any commercial vehicle that is properly titled in a foreign jurisdiction, which
6 vehicle is subject to apportioned registration, as provided in paragraph (a) of
7 this subsection, may be registered in Kentucky, and, upon proof of proper title
8 and payment of the required fees, the department may issue an apportioned
9 registration plate to the commercial vehicle. The department shall promulgate
10 administrative regulations in accordance with this section.

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

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

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

19 (15) An applicant for any motor vehicle registration issued pursuant to this section shall
20 have the opportunity to make a donation of two dollars (\$2) to promote a hunger
21 relief program through specific wildlife management and conservation efforts by
22 the Department of Fish and Wildlife Resources in accordance with KRS 150.015. If
23 an applicant elects to make a contribution under this subsection, the two dollar (\$2)
24 donation shall be added to the regular fee for any motor vehicle registration issued
25 pursuant to this section. One (1) donation may be made per issuance of each
26 registration. The fee shall be paid to the county clerk and shall be transmitted by the
27 State Treasurer to the Department of Fish and Wildlife Resources to be used

1 exclusively for the purpose of wildlife management and conservation activities in
 2 support of hunger relief. The county clerk may retain up to five percent (5%) of the
 3 fees collected under this subsection for administrative costs associated with the
 4 collection of this donation. Any donation requested under this subsection shall be
 5 voluntary and may be refused by the applicant at the time of issuance or renewal of
 6 a license plate.

7 (16) In addition to the fees outlined in this section, the county clerk shall collect from the
 8 registrants of electric vehicles and electric motorcycles~~, and hybrid vehicles~~ the
 9 electric vehicle ownership fees imposed in KRS 138.475.

10 ➔Section 20. KRS 138.475 is amended to read as follows:

11 (1) As used in this section:

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

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

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

- 19 1. An electric motor only; or
- 20 2. A combination of an internal combustion engine and electric
 21 power~~; and~~

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

25 (2) At the time of initial registration, and each year upon annual vehicle registration
 26 renewal, the county clerk shall collect, as required under KRS 186.050, from the
 27 registrants of electric motorcycles and electric vehicles~~, and hybrid vehicles~~ the

1 electric vehicle ownership fees established under subsections (3) and (4) of this
2 section.

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

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

5 (b) Sixty dollars (\$60) for electric motorcycles~~[or hybrid vehicles]~~.

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

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

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

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

14 ➔Section 21. KRS 186.531 is amended to read as follows:

15 (1) As used in this section:

16 (a) "GF" means the general fund;

17 (b) "IP" means instruction permit;

18 (c) "License Fund" or "LF" means the KYTC photo license account created in
19 KRS 174.056;

20 (d) "MC" means motorcycle;

21 (e) "MC Fund" or "MCF" means the motorcycle safety education program fund
22 established in KRS 176.5065;

23 (f) "OL" means operator's license; and

24 (g) "PIDC" means personal identification card.

25 (2) The fees imposed for voluntary travel ID operator's licenses, instruction permits,
26 and personal identification cards shall be as follows. The fees received shall be
27 distributed as shown in the table. The fees shown, unless otherwise noted, are for an

1 eight (8) year period:

2	Card Type	Fee	LF	GF	MCF
3	OL (initial/renewal)	\$48	\$48	\$0	\$0
4	OL (Under 21) (Up to 4 years)	\$18	\$18	\$0	\$0
5	Any OL, MC, or combination				
6	(duplicate/corrected)	\$15	\$13.25	\$1.75	\$0
7	Motor vehicle IP (3 years)	\$18	\$16	\$2	\$0
8	Motorcycle IP (1 year)	\$18	\$13	\$1	\$4
9	Motorcycle OL (initial/renewal)	\$48	\$38	\$0	\$10
10	Combination vehicle/MC OL				
11	(initial/renewal)	\$58	\$48	\$0	\$10
12	PIDC (initial/renewal)	\$28	\$25	\$3	\$0
13	PIDC (duplicate/corrected)	\$15	\$13.50	\$1.50	\$0

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

17	Card Type	Fee	LF	GF	MCF
18	OL (initial/renewal)	\$43	\$43	\$0	\$0
19	OL (Under 21) (Up to 4 years)	\$15	\$15	\$0	\$0
20	Any OL, MC, or combination				
21	(duplicate/corrected)	\$15	\$13.25	\$1.75	\$0
22	Motor vehicle IP (3 years)	\$15	\$13	\$2	\$0
23	Motorcycle IP (1 year)	\$15	\$10	\$1	\$4
24	Motorcycle OL (initial/renewal)	\$43	\$33	\$0	\$10
25	Combination vehicle/MC OL				
26	(initial/renewal)	\$53	\$43	\$0	\$10
27	PIDC (initial/renewal)	\$23	\$20	\$3	\$0

1	PIDC (duplicate/corrected)	\$15	\$13.50	\$1.50	\$0
2	PIDC (no fixed address) under				
3	KRS 186.4122(5)/186.4123(5)				
4	(initial, duplicate, or corrected)	\$0 \$5	\$0 \$5		\$0
5	\$0				

6 (4) The fee for a four (4) year original or renewal license issued pursuant to KRS
7 186.4101 shall be fifty percent (50%) of the amount shown in subsections (2) and
8 (3) of this section. The distribution of fees shown in subsections (2) and (3) of this
9 section shall also be reduced by fifty percent (50%) for licenses that are issued for
10 four (4) years.

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

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

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

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

1 renewal.

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

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

8 (b) An applicant who is applying for a instruction permit, operator's license, or
9 personal identification card without a photo under KRS 186.4102(9).

10 (8) (a) Except for individuals exempted under paragraph (c) of this subsection, an
11 applicant for relicensing after revocation or suspension shall pay a
12 reinstatement fee of forty dollars (\$40).

13 (b) The reinstatement fee under this subsection shall be distributed by the State
14 Treasurer as follows:

15 1. Thirty-five dollars (\$35) shall be deposited into the photo license
16 account; and

17 2. Five dollars (\$5) shall be deposited into a trust and agency fund to be
18 used in defraying the costs and expenses of administering a driver
19 improvement program for problem drivers.

20 (c) This subsection shall not apply to:

21 1. Any person whose license was suspended for failure to meet the
22 conditions set out in KRS 186.411 when, within one (1) year of
23 suspension, the driving privileges of the individual are reinstated; or

24 2. A student who has had his or her license revoked pursuant to KRS
25 159.051.

26 (9) As payment for any fee identified in this section, the cabinet:

27 (a) Shall accept cash and personal checks;

- 1 (b) May accept other methods of payment in accordance with KRS 45.345; and
- 2 (c) May enter into billing agreements with homeless shelters, health care
- 3 facilities, or social service agencies that serve individuals without an
- 4 established and fixed nighttime residence of regular return.
- 5 (10) There shall be no fee assessed for the initial, renewal, or duplicate standard personal
- 6 identification card to an individual, if the individual:
- 7 (a) Does not possess a valid operator's license or a commercial driver's license;
- 8 and
- 9 (b) Is at least eighteen (18) years of age on or before the next regular election.

10 ➔Section 22. KRS 131.010 is amended to read as follows:

11 As used in this chapter, unless the context requires otherwise:

- 12 (1) "Commissioner" means the commissioner of the department~~[revenue]~~;
- 13 (2) "Department" means the Department of Revenue;
- 14 (3) "Fiduciary" means a guardian, trustee, executor, administrator, receiver,
- 15 conservator, or any individual or corporation acting in a fiduciary capacity for any
- 16 other person;
- 17 (4) "Taxpayer" means any person required or permitted by law or administrative
- 18 regulation to perform any act subject to the administrative jurisdiction of the
- 19 department including the following:
- 20 (a) File a report, return, statement, certification, claim, estimate, declaration,
- 21 form, or other document;
- 22 (b) Furnish any information;
- 23 (c) Withhold, collect, or pay any tax, installment, estimate, or other funds; and
- 24 (d) Secure any license, permit, or other authorization to conduct a business or
- 25 exercise any privilege, right, or responsibility;
- 26 (5) "Adjusted prime rate charged by banks" means the average predominant prime rate
- 27 quoted by commercial banks to large businesses, as determined by the board of

- 1 governors of the Federal Reserve System;
- 2 (6) "Tax interest rate" means the interest rate determined under KRS 131.183;
- 3 (7) "Tax" includes any assessment or license fee administered by the department;
- 4 however, it shall not include moneys withheld or collected by the department
- 5 pursuant to KRS 131.560 or 160.627;
- 6 (8) "Return" or "report" means any properly completed and, if required, signed form,
- 7 statement, certification, claim estimate, declaration, or other document permitted or
- 8 required to be submitted or filed with the department, including returns and reports
- 9 or composites thereof which are permitted or required to be electronically
- 10 transmitted;
- 11 (9) "Reasonable cause" means an event, happening, or circumstance entirely beyond
- 12 the knowledge or control of a taxpayer who has exercised due care and prudence in
- 13 the filing of a return or report or the payment of moneys due the department
- 14 pursuant to law or administrative regulation;
- 15 (10) "Fraud" means:
- 16 (a) Intentional or reckless disregard for the law, administrative regulations, or the
- 17 department's established policies to evade the filing of any return, report, or
- 18 the payment of any moneys due to the department pursuant to law or
- 19 administrative regulation; or
- 20 (b) The deliberate false reporting of returns or reports with the intent to gain a
- 21 monetary advantage;
- 22 (11) "Hard copy" means any document, record, report, or other data printed on paper or
- 23 stored by an imaging system that does not permit additions, deletions, or other
- 24 changes to the original documents;
- 25 (12) "Electronic record" means a collection of related information stored as bits of data
- 26 in a medium that supports electronic extraction of the data at the field level, but
- 27 does not include electronic imaging systems;

- 1 (13) "Electronic imaging systems" means a computer-based system used to store
2 reproductions of documents and records through the use of electronic data
3 processing, or computerized, digital, or optical scanning which records and indexes
4 the document, but does not support electronic extraction of the data at the field
5 level;
- 6 (14) "Electronic fund transfer" means an electronic data processing medium that takes
7 the place of a paper check for debiting or crediting an account and of which a
8 permanent record is made;
- 9 (15) "Specified tax return preparer" has the same meaning as in 26 U.S.C. sec.
10 6011(e)(3);~~and~~
- 11 (16) "Tax return preparer" has the same meaning as in 26 U.S.C. sec. 7701(a)(36)(A);
- 12 **(17) "Administrative writings" means the following, as created, published, issued, or**
13 **released by the department and redacted to protect taxpayer-specific information:**
- 14 **(a) Final rulings;**
- 15 **(b) Manuals and training procedures;**
- 16 **(c) Presentations;**
- 17 **(d) Technical advice memoranda;**
- 18 **(e) General information letters; and**
- 19 **(f) Private letter rulings; and**
- 20 **(18) "Tax form":**
- 21 **(a) Means any instrument that is:**
- 22 **1. Created, published, issued, approved, or released by the department**
23 **upon which taxpayers insert information; and**
- 24 **2. Permitted or required to be submitted to or filed with the department;**
25 **and**
- 26 **(b) Includes any of the following instruments, except that the instrument shall**
27 **not contain any information inserted by a taxpayer:**

- 1 1. A return, report, schedule, claim estimate, declaration, or any other
- 2 similar document; and
- 3 2. A facsimile of information the taxpayer is required to, or may, submit
- 4 to the department electronically.

5 ➔Section 23. KRS 131.020 is amended to read as follows:

- 6 (1) The department~~[of Revenue]~~, headed by a commissioner appointed by the secretary
- 7 with the approval of the Governor, shall be organized into the following functional
- 8 units:
 - 9 (a) Office of the Commissioner, which shall consist of:
 - 10 1. The Division of Protest Resolution, headed by a division director who
 - 11 shall report directly to the commissioner. The division shall administer
 - 12 the protest functions for the department from office resolution through
 - 13 court action;
 - 14 2. The Division of Taxpayer Ombudsman, headed by a division director
 - 15 who shall report to the commissioner. The division shall perform those
 - 16 duties set out in KRS 131.083;
 - 17 3. The Special Investigations Division, headed by a division director who
 - 18 shall report directly to the commissioner. The division shall investigate
 - 19 alleged violations of the tax laws and recommend criminal prosecution
 - 20 of the laws when warranted; and
 - 21 4. The Division of Information Management, headed by a division director
 - 22 who shall report directly to the commissioner. The division shall provide
 - 23 project management, planning, analysis, application development,
 - 24 implementation, security, support, and maintenance for new and existing
 - 25 legacy systems of the department;
 - 26 (b) Office of Tax Policy and Regulation, headed by an executive director who
 - 27 shall report directly to the commissioner. The office shall be responsible for:

- 1 1. Providing oral and written technical advice on Kentucky tax law;
- 2 2. Drafting proposed tax legislation and regulations;
- 3 3. Testifying before legislative committees on tax matters;
- 4 4. Analyzing tax publications;
- 5 5. *Publishing administrative writings on its official website promptly*
- 6 *after issuance or finalization, but no more than one hundred twenty*
- 7 *(120) days thereafter;*
- 8 6. *Publishing all tax forms and instructions to those tax forms on its*
- 9 *official website no later than:*
- 10 a. *Forty-five (45) days prior to the date a taxpayer is required to:*
- 11 i. *File a tax form;*
- 12 ii. *Make a payment of taxes due or estimated to be due; or*
- 13 iii. *Electronically submit the information or payment; or*
- 14 b. *In the case of income tax forms, thirty (30) days prior to the end*
- 15 *of the calendar year for which the tax form, payment, or*
- 16 *information applies;*
- 17 7. Providing expert witness testimony in tax litigation cases;
- 18 ~~8.[6.]~~ Providing consultation and assistance in protested tax cases; and
- 19 ~~9.[7.]~~ Conducting training and education programs;
- 20 (c) Office of Registration and Operations, headed by an executive director who
- 21 shall report directly to the commissioner. The office shall be responsible for
- 22 processing documents, depositing funds, collecting debt payments, and
- 23 coordinating, planning, and implementing a data integrity strategy. The office
- 24 shall consist of the:
- 25 1. Division of Operations, which shall be responsible for opening all tax
- 26 returns, preparing the returns for data capture, coordinating the data
- 27 capture process, depositing receipts, maintaining tax data, and assisting

1 other state agencies with similar operational aspects as negotiated
2 between the department and the other agency; and

3 2. Division of Registration, which shall be responsible for registering
4 businesses for tax purposes, ensuring that the data entered into the
5 department's tax systems is accurate and complete, and assisting the
6 taxing areas in proper procedures to ensure the accuracy of the data over
7 time;

8 (d) Office of Property Valuation, headed by an executive director who shall
9 report directly to the commissioner. The office shall consist of the:

10 1. Division of Local Support, which shall be responsible for providing
11 supervision, assistance, and training to the property valuation
12 administrators and sheriffs within the Commonwealth;

13 2. Division of State Valuation, which shall be responsible for providing
14 assessments of public service companies and motor vehicles, and
15 providing assistance to property valuation administrators and sheriffs
16 with the administration of tangible and omitted property taxes within the
17 Commonwealth; and

18 3. Division of Minerals Taxation and Geographical Information System
19 Services, which shall be responsible for providing geographical
20 information system mapping support, ensuring proper filing of
21 severance tax returns, ensuring consistency of unmined coal
22 assessments, and gathering and providing data to properly assess
23 minerals to the property valuation administrators within the
24 Commonwealth;

25 (e) Office of Sales and Excise Taxes, headed by an executive director who shall
26 report directly to the commissioner. The office shall administer all matters
27 relating to sales and use taxes and miscellaneous excise taxes, including but

1 not limited to technical tax research, compliance, taxpayer assistance, tax-
2 specific training, and publications. The office shall consist of the:

- 3 1. Division of Sales and Use Tax, which shall administer the sales and use
4 tax; and
- 5 2. Division of Miscellaneous Taxes, which shall administer various other
6 taxes, including but not limited to alcoholic beverage taxes; cigarette
7 enforcement fees, stamps, meters, and taxes; gasoline tax; bank
8 franchise tax; inheritance and estate tax; insurance premiums and
9 insurance surcharge taxes; motor vehicle tire fees and usage taxes; and
10 special fuels taxes;

11 (f) Office of Income Taxation, headed by an executive director who shall report
12 directly to the commissioner. The office shall administer all matters related to
13 income and corporation license taxes, including technical tax research,
14 compliance, taxpayer assistance, tax-specific training, and publications. The
15 office shall consist of the:

- 16 1. Division of Individual Tax, which shall administer the following taxes
17 or returns: individual income, fiduciary, and employer withholding; and
- 18 2. Division of Corporation Tax, which shall administer the corporation
19 income tax, corporation license tax, pass-through entity withholding,
20 and pass-through entity reporting requirements;

21 (g) Office of Field Operations, headed by an executive director who shall report
22 directly to the commissioner. The office shall manage the regional taxpayer
23 service centers and the field audit program; and

24 (h) Office of Enforcement, headed by an executive director who shall report
25 directly to the commissioner. The office shall initiate all collection
26 enforcement activity related to due and owing tax assessments, including
27 protest resolution, and shall assist other state agencies with similar collection

1 aspects as negotiated between the department and other state agencies. The
2 office shall consist of the Division of Collections.

3 (2) The functions and duties of the department shall include conducting conferences,
4 administering taxpayer protests, and settling tax controversies on a fair and
5 equitable basis, taking into consideration the hazards of litigation to the
6 Commonwealth of Kentucky and the taxpayer. The mission of the department shall
7 be to afford an opportunity for taxpayers to have an independent informal review of
8 the determinations of the audit functions of the department, and to attempt to fairly
9 and equitably resolve tax controversies at the administrative level.

10 (3) The department shall maintain an accounting structure for the one hundred twenty
11 (120) property valuation administrators' offices across the Commonwealth in order
12 to facilitate use of the state payroll system and the budgeting process.

13 (4) Except as provided in KRS 131.190(4), the department shall fully cooperate with
14 and make tax information available as prescribed under KRS 131.190(3) to the
15 Governor's Office for Economic Analysis as necessary for the office to perform the
16 tax administration function established in KRS 42.410.

17 (5) Executive directors and division directors established under this section shall be
18 appointed by the secretary with the approval of the Governor under KRS 12.050.

19 ➔Section 24. KRS 131.030 is amended to read as follows:

20 (1) The Department of Revenue shall exercise all administrative functions of the state
21 in relation to:

22 (a) The state revenue and tax laws; ~~§~~

23 (b) *The publishing of administrative writings, tax forms, and instructions to*
24 *those tax forms on its official website;*

25 (c) The licensing and registering of motor vehicles; ~~§~~

26 (d) The equalization of tax assessments; ~~§~~

27 (e) The assessment of public utilities and public service corporations for taxes; ~~§~~

- 1 (f) The assessment of franchises;~~;~~
- 2 (g) The supervision of tax collections;~~;~~ and
- 3 (h) The enforcement of revenue and tax laws, either directly or through
- 4 supervision of tax administration activity in other departments to which the
- 5 department may commit administration of certain taxes.

6 (2) The department shall have all the powers and duties with reference to assessment or

7 equalization of the assessment of property heretofore exercised or performed by any

8 state board or commission.

9 (3) The department shall have all the powers and duties necessary to consider and settle

10 tax cases under KRS 131.110 and refund claims made under KRS 134.580. The

11 department is encouraged to settle controversies on a fair and equitable basis and

12 shall be authorized to settle tax controversies based on the hazards of litigation

13 applicable to them.

14 (4) The department shall have all the powers and duties necessary to collect any debts

15 owed to the Commonwealth, or any local government of the Commonwealth, that

16 are referred to the department by an organizational unit or administrative body in

17 the executive branch of state government, as defined in KRS 12.010, the Court of

18 Justice in the judicial branch of state government, and any local government, under

19 KRS 45.237 and 45.241.

20 ➔Section 25. KRS 131.081 is amended to read as follows:

21 The following rules, principles, or requirements shall apply in the administration of all

22 taxes subject to the jurisdiction of the department:

23 (1) The department shall develop and implement a Kentucky tax education and

24 information program ***that:***

25 (a) ***Is*** directed at new taxpayers, taxpayer and industry groups, and department

26 employees to enhance the understanding of and compliance with Kentucky

27 tax laws;~~;~~~~including~~

1 **(b) Includes information on:**

2 **1.** The application of new tax legislation to taxpayer activities; and

3 **2.** Areas of recurrent taxpayer noncompliance or inconsistency of
4 administration; **and**

5 **(c) Is published as part of the administrative writings posted on its official**
6 **website:**

7 (2) The department shall publish brief statements in simple and nontechnical language
8 which explain procedures, remedies, and the rights and obligations of taxpayers and
9 the department. These statements shall be provided to taxpayers with the initial
10 notice of audit; each original notice of tax due; each denial or reduction of a refund
11 or credit claimed by a taxpayer; each denial, cancellation, or revocation of any
12 license, permit, or other required authorization applied for or held by a taxpayer;
13 and, if practical and appropriate, in informational publications by the department
14 distributed to the public;

15 (3) Taxpayers shall have the right to be assisted or represented by an attorney,
16 accountant, or other person in any conference, hearing, or other matter before the
17 department. The taxpayer shall be informed of this right prior to conduct of any
18 conference or hearing;

19 (4) The department shall perform audits and conduct conferences and hearings only at
20 reasonable times and places;

21 (5) Taxpayers shall have the right to make audio recordings of any conference with or
22 hearing by the department. The department may make similar audio recordings if
23 prior written notice is given to the taxpayer or if the taxpayer records the conference
24 or hearing. The taxpayer shall be entitled to a copy of this department recording or a
25 transcript as provided in KRS 61.874;

26 (6) If any taxpayer's failure to submit a timely return or payment to the department is
27 due to the taxpayer's reasonable reliance on written advice from the department, the

1 taxpayer shall be relieved of any penalty or interest with respect thereto, provided
2 the taxpayer requested the advice in writing from the department and the specific
3 facts and circumstances of the activity or transaction were fully described in the
4 taxpayer's request, the department did not subsequently rescind or modify the
5 advice in writing, and there were no subsequent changes in applicable laws or
6 regulations or a final decision of a court which rendered the department's earlier
7 written advice no longer valid;

8 (7) Taxpayers shall have the right to receive a copy of any audit of the department by
9 the Auditor of Public Accounts relating to the department's compliance with the
10 provisions of KRS 131.041 to 131.081;

11 (8) (a) The department shall include with each notice of tax due a clear and concise
12 description of the basis and amount of any tax, penalty, and interest assessed
13 against the taxpayer and the agent's written narrative setting forth the grounds
14 upon which the assessment is made.

15 (b) Copies of the agent's audit workpapers shall be:

- 16 1. Included with the notice of tax due; or
- 17 2. Delivered electronically to the taxpayer.

18 (c) Taxpayers shall be similarly notified regarding the denial or reduction of any
19 refund or credit claim filed by a taxpayer;

20 (9) (a) Taxpayers shall have the right to an installment payment agreement for the
21 payment of delinquent taxes, penalties, and interest owed, provided the
22 taxpayer requests the agreement in writing clearly demonstrating:

- 23 1. His or her inability to pay in full; and
- 24 2. That the agreement will facilitate collection by the department of the
25 amounts owed.

26 (b) The department may modify or terminate an installment payment agreement
27 and may pursue statutory remedies against the taxpayer if it determines that:

- 1 1. The taxpayer has not complied with the terms of the agreement,
2 including minimum payment requirements established by the
3 agreement;
 - 4 2. The taxpayers' financial condition has sufficiently changed;
 - 5 3. The taxpayer fails to provide any requested financial condition update
6 information;
 - 7 4. The taxpayer gave false or misleading information in securing the
8 agreement; or
 - 9 5. The taxpayer fails to timely report and pay any other tax due the
10 Commonwealth.
- 11 (c) The department shall give written notice to the taxpayer at least thirty (30)
12 days prior to modifying or terminating an installment payment agreement
13 unless the department has reason to believe that collection of the amounts
14 owed will be jeopardized in whole or in part by delay;
- 15 (10) The department shall not knowingly authorize, require, or conduct any investigation
16 or surveillance of any person for nontax administration related purposes, except
17 internal security related investigations involving department personnel;
- 18 (11) In addition to the circumstances under which an extension of time for filing reports
19 or returns may be granted pursuant to KRS 131.170, taxpayers shall be entitled to
20 the same extension of the due date of any comparable Kentucky tax report or return
21 for which the taxpayer has secured a written extension from the Internal Revenue
22 Service provided the taxpayer notifies the department in writing and provides a
23 copy of the extension at the time and in the manner which the department may
24 require;
- 25 (12) The department shall bear the cost or, if paid by the taxpayer, reimburse the
26 taxpayer for recording or bank charges as the direct result of any erroneous lien or
27 levy by the department, provided the erroneous lien or levy was caused by

1 department error and, prior to issuance of the erroneous lien or levy, the taxpayer
2 timely responded to all contacts by the department and provided information or
3 documentation sufficient to establish his or her position. When the department
4 releases any erroneous lien or levy, notice of the fact shall be mailed to the taxpayer
5 and, if requested by the taxpayer, a copy of the release, together with an
6 explanation, shall be mailed to the major credit reporting companies located in the
7 county where it was filed;

8 (13) (a) The department shall not evaluate individual officers or employees on the
9 basis of taxes assessed or collected or impose or suggest tax assessment or
10 collection quotas or goals.

11 (b) No arrangement or contract shall be entered into for the service to:

- 12 1. Examine a taxpayer's books and records;
- 13 2. Collect a tax from a taxpayer; or
- 14 3. Provide legal representation of the department;

15 if any part of the compensation or other benefits paid or payable for the
16 service is contingent upon or otherwise related to the amount of tax, interest,
17 fee, or penalty assessed against or collected from the taxpayer. Any such
18 arrangement or contract shall be void and unenforceable;

19 (14) Taxpayers shall have the right to bring an action for damages against the
20 Commonwealth to the Board of Tax Appeals for actual and direct monetary
21 damages sustained by the taxpayer as a result of willful, reckless, or intentional
22 disregard by department employees of the rights of taxpayers as set out in KRS
23 131.041 to 131.081 or in the tax laws administered by the department. In the
24 awarding of damages pursuant to this subsection, the board shall take into
25 consideration the negligence or omissions, if any, on the part of the taxpayer which
26 contributed to the damages. If any proceeding brought by a taxpayer is ruled
27 frivolous by the Board of Tax Appeals, the department shall be reimbursed by the

1 taxpayer for its costs in defending the action. Any claims brought pursuant to this
2 subsection shall be in accordance with KRS 49.040 to 49.180; and

3 (15) Taxpayers shall have the right to privacy with regard to the information provided on
4 their Kentucky tax returns and reports, including any attached information or
5 documents. Except as provided in KRS 131.190, no information pertaining to the
6 returns, reports, or the affairs of a person's business shall be divulged by the
7 department to any person or be intentionally and without authorization inspected by
8 any present or former commissioner or employee of the department, member of a
9 county board of assessment appeals, property valuation administrator or employee,
10 or any other person.

11 ➔Section 26. KRS 131.130 is amended to read as follows:

12 Without limitation of other duties assigned to it by law, the following powers and duties
13 are vested in the department~~[of Revenue]~~:

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

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

1 Circuit Court, which courts may compel compliance with the orders of the
2 department.

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

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

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

19 (6) In the event of the incapacity of attorneys employed by the Finance and
20 Administration Cabinet or at the request of the secretary of the Finance and
21 Administration Cabinet, the Attorney General or his or her designee shall prosecute
22 all violations of the criminal and penal laws relating to revenue and taxation. If the
23 Attorney General undertakes any of the actions prescribed in this subsection, he or
24 she shall be authorized to exercise all powers and perform all duties in respect to
25 the criminal actions or proceedings which the prosecuting attorney would otherwise
26 perform or exercise, including but not limited to the authority to sign, file, and
27 present any and all complaints, affidavits, information, presentments, accusations,

1 indictments, subpoenas, and processes of any kind, and to appear before all grand
2 juries, courts, or tribunals.

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

6 (8) (a) Notwithstanding KRS Chapter 13A, the department may research the fields of
7 taxation, finance, and local government administration, publish its findings,
8 respond to the public's and taxpayers' questions, and publish its responses~~, as~~
9 ~~the commissioner may deem wise~~.

10 (b) To assist taxpayers and the public in understanding and interpreting the tax
11 laws, the department:

12 1. May include examples as part of any response or publication. The
13 examples may include demonstrative, nonexclusive lists of items, if the
14 department determines that the list would be helpful to taxpayers in
15 understanding the application of the tax laws; and

16 2. *Shall publish its administrative writings, tax forms, and instructions to*
17 *those tax forms on its official website in accordance with subsection*
18 *(1)(b) of Section 23 of this Act.*

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

25 (10) The department may, when it is in the best interest of the Commonwealth and
26 helpful to the efficient and effective enforcement, administration, or collection of
27 sales and use tax, motor fuels tax, or the petroleum environmental assurance fee,

1 enter into agreements with out-of-state retailers or other persons for the collection
2 and remittance of sales and use tax, the motor fuels tax, or the petroleum
3 environmental assurance fee.

4 (11) The department may enter into annual memoranda of agreement with any state
5 agency, officer, board, commission, corporation, institution, cabinet, department, or
6 other state organization to assume the collection duties for any debts due the state
7 entity, except for consumer debt owed for health care goods and services, and may
8 renew that agreement for up to five (5) years. Under such an agreement, the
9 department shall have all the powers, rights, duties, and authority with respect to the
10 collection, refund, and administration of those liquidated debts as provided under:

11 (a) KRS Chapters 131, 134, and 135 for the collection, refund, and administration
12 of delinquent taxes; and

13 (b) Any applicable statutory provisions governing the state agency, officer, board,
14 commission, corporation, institution, cabinet, department, or other state
15 organization for the collection, refund, and administration of any liquidated
16 debts due the state entity.

17 (12) Notwithstanding subsection (11) of this section, KRS 45.237, 45.238, 45.241, or
18 131.030, or any agreement to the contrary, the department shall not collect or
19 continue collection duties of any consumer debts owed for health care goods and
20 services. For the purpose of this section, "consumer debt" shall be defined as a debt
21 incurred by an individual, as defined in KRS 141.010, for a personal or family
22 purpose, regardless of whether an obligation has been reduced to judgment.

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

27 ➔Section 27. KRS 131.131 is amended to read as follows:

1 Notwithstanding KRS 13A.110, the department~~[of Revenue]~~ shall publish tax forms and
 2 instructions to those forms *on its official website in accordance with subsection (1)(b) of*
 3 *Section 23 of this Act* without promulgation of an administrative regulation.

4 ➔Section 28. KRS 132.010 is amended to read as follows:

5 As used in this chapter, unless the context otherwise requires:

- 6 (1) "Department" means the Department of Revenue;
 7 (2) "Taxpayer" means any person made liable by law to file a return or pay a tax;
 8 (3) "Real property":

9 *(a) Means*~~[includes]~~ all lands within this state and improvements thereon; *and*

10 *(b) Includes but is not limited to mains, pipes, pipelines, and conduits that are:*

11 *1. Authorized to be installed in, upon, or under any public or private*
 12 *street or place; and*

13 *2. Used or to be used for or in connection with the collection,*
 14 *transmission, distribution, conducting, sale, or furnishing of heat,*
 15 *steam, water, sewage, natural or manufactured gas, or electricity to or*
 16 *for the public;*

17 (4) "Personal property" *means*~~[includes]~~ every species and character of property,
 18 tangible and intangible, other than real property;

19 (5) "Resident" means any person who has taken up a place of abode within this state
 20 with the intention of continuing to abide in this state; any person who has had his or
 21 her actual or habitual place of abode in this state for the larger portion of the twelve
 22 (12) months next preceding the date as of which an assessment is due to be made
 23 shall be deemed to have intended to become a resident of this state;

24 (6) "Compensating tax rate" means that rate which, rounded to the next higher one-
 25 tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and
 26 applied to the current year's assessment of the property subject to taxation by a
 27 taxing district, excluding new property and personal property, produces an amount

1 of revenue approximately equal to that produced in the preceding year from real
2 property. However, in no event shall the compensating tax rate be a rate which,
3 when applied to the total current year assessment of all classes of taxable property,
4 produces an amount of revenue less than was produced in the preceding year from
5 all classes of taxable property. For purposes of this subsection, "property subject to
6 taxation" means the total fair cash value of all property subject to full local rates,
7 less the total valuation exempted from taxation by the homestead exemption
8 provision of the Constitution and the difference between the fair cash value and
9 agricultural or horticultural value of agricultural or horticultural land;

10 (7) "Net assessment growth" means the difference between:

- 11 (a) The total valuation of property subject to taxation by the county, city, school
12 district, or special district in the preceding year, less the total valuation
13 exempted from taxation by the homestead exemption provision of the
14 Constitution in the current year over that exempted in the preceding year; and
15 (b) The total valuation of property subject to taxation by the county, city, school
16 district, or special district for the current year;

17 (8) "New property" means the net difference in taxable value between real property
18 additions and deletions to the property tax roll for the current year. "Real property
19 additions" shall mean:

- 20 (a) Property annexed or incorporated by a municipal corporation, or any other
21 taxing jurisdiction; however, this definition shall not apply to property
22 acquired through the merger or consolidation of school districts, or the
23 transfer of property from one (1) school district to another;
24 (b) Property, the ownership of which has been transferred from a tax-exempt
25 entity to a nontax-exempt entity;
26 (c) The value of improvements to existing nonresidential property;
27 (d) The value of new residential improvements to property;

- 1 (e) The value of improvements to existing residential property when the
2 improvement increases the assessed value of the property by fifty percent
3 (50%) or more;
- 4 (f) Property created by the subdivision of unimproved property, provided, that
5 when the property is reclassified from farm to subdivision by the property
6 valuation administrator, the value of the property as a farm shall be a deletion
7 from that category;
- 8 (g) Property exempt from taxation, as an inducement for industrial or business
9 use, at the expiration of its tax exempt status;
- 10 (h) Property, the tax rate of which will change, according to the provisions of
11 KRS 82.085, to reflect additional urban services to be provided by the taxing
12 jurisdiction, provided, however, that the property shall be considered "real
13 property additions" only in proportion to the additional urban services to be
14 provided to the property over the urban services previously provided; and
- 15 (i) The value of improvements to real property previously under assessment
16 moratorium.
- 17 "Real property deletions" shall be limited to the value of real property removed
18 from, or reduced over the preceding year on, the property tax roll for the current
19 year;
- 20 (9) "Agricultural land" means:
- 21 (a) Any tract of land, including all income-producing improvements, of at least
22 ten (10) contiguous acres in area used for the production of livestock,
23 livestock products, poultry, poultry products and/or the growing of tobacco
24 and/or other crops including timber;
- 25 (b) Any tract of land, including all income-producing improvements, of at least
26 five (5) contiguous acres in area commercially used for aquaculture; or
- 27 (c) Any tract of land devoted to and meeting the requirements and qualifications

1 for payments pursuant to agriculture programs under an agreement with the
2 state or federal government;

3 (10) "Horticultural land" means any tract of land, including all income-producing
4 improvements, of at least five (5) contiguous acres in area commercially used for
5 the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables,
6 flowers, or ornamental plants;

7 (11) "Agricultural or horticultural value" means the use value of "agricultural or
8 horticultural land" based upon income-producing capability and comparable sales
9 of farmland purchased for farm purposes where the price is indicative of farm use
10 value, excluding sales representing purchases for farm expansion, better
11 accessibility, and other factors which inflate the purchase price beyond farm use
12 value, if any, considering the following factors as they affect a taxable unit:

13 (a) Relative percentages of tillable land, pasture land, and woodland;

14 (b) Degree of productivity of the soil;

15 (c) Risk of flooding;

16 (d) Improvements to and on the land that relate to the production of income;

17 (e) Row crop capability including allotted crops other than tobacco;

18 (f) Accessibility to all-weather roads and markets; and

19 (g) Factors which affect the general agricultural or horticultural economy, such
20 as: interest, price of farm products, cost of farm materials and supplies, labor,
21 or any economic factor which would affect net farm income;

22 (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural
23 value and the tax based on fair cash value;

24 (13) "Homestead" means real property maintained as the permanent residence of the
25 owner with all land and improvements adjoining and contiguous thereto including
26 but not limited to lawns, drives, flower or vegetable gardens, outbuildings, and all
27 other land connected thereto;

- 1 (14) "Residential unit" means all or that part of real property occupied as the permanent
2 residence of the owner;
- 3 (15) "Special benefits" are those which are provided by public works not financed
4 through the general tax levy but through special assessments against the benefited
5 property;
- 6 (16) "Manufactured home" means a structure manufactured after June 15, 1976, in
7 accordance with the National Manufactured Housing Construction and Safety
8 Standards Act, transportable in one (1) or more sections, which when erected on
9 site measures eight (8) body feet or more in width and thirty-two (32) body feet or
10 more in length, and which is built on a permanent chassis and designed to be used
11 as a dwelling, with or without a permanent foundation, when connected to the
12 required utilities, and includes the plumbing, heating, air-conditioning, and
13 electrical systems contained therein. It may be used as a place of residence,
14 business, profession, or trade by the owner, lessee, or their assignees and may
15 consist of one (1) or more units that can be attached or joined together to comprise
16 an integral unit or condominium structure;
- 17 (17) "Mobile home" means a structure manufactured on or before June 15, 1976, that
18 was not required to be constructed in accordance with the National Manufactured
19 Housing Construction and Safety Standards Act, transportable in one (1) or more
20 sections, which when erected on site measures eight (8) body feet or more in width
21 and thirty-two (32) body feet or more in length, and which is built on a permanent
22 chassis and designed to be used as a dwelling, with or without a permanent
23 foundation, when connected to the required utilities, and includes the plumbing,
24 heating, air-conditioning, and electrical systems contained therein. It may be used
25 as a place of residence, business, profession, or trade by the owner, lessee, or their
26 assigns and may consist of one (1) or more units that can be attached or joined
27 together to comprise an integral unit or condominium structure;

- 1 (18) "Modular home" means a structure which is certified by its manufacturer as being
2 constructed in accordance with all applicable provisions of the Kentucky Building
3 Code and standards adopted by the local authority which has jurisdiction,
4 transportable in one (1) or more sections, and designed to be used as a dwelling on
5 a permanent foundation when connected to the required utilities, and includes the
6 plumbing, heating, air-conditioning, and electrical systems contained therein;
- 7 (19) "Prefabricated home" means a manufactured home, a mobile home, or a modular
8 home;
- 9 (20) "Recreational vehicle" means a vehicular type unit primarily designed as temporary
10 living quarters for recreational, camping, or travel use, which either has its own
11 motive power or is mounted on or drawn by another vehicle. The basic entities are:
12 travel trailer, camping trailer, truck camper, and motor home. As used in this
13 subsection:
- 14 (a) "Travel trailer" means a vehicular unit, mounted on wheels, designed to
15 provide temporary living quarters for recreational, camping, or travel use, and
16 of a size or weight that does not require special highway movement permits
17 when drawn by a motorized vehicle, and with a living area of less than two
18 hundred twenty (220) square feet, excluding built-in equipment (such as
19 wardrobes, closets, cabinets, kitchen units or fixtures) and bath and toilet
20 rooms;
- 21 (b) "Camping trailer" means a vehicular portable unit mounted on wheels and
22 constructed with collapsible partial side walls which fold for towing by
23 another vehicle and unfold at the camp site to provide temporary living
24 quarters for recreational, camping, or travel use;
- 25 (c) "Truck camper" means a portable unit constructed to provide temporary living
26 quarters for recreational, travel, or camping use, consisting of a roof, floor,
27 and sides, designed to be loaded onto and unloaded from the bed of a pick-up

1 truck; and

2 (d) "Motor home" means a vehicular unit designed to provide temporary living
3 quarters for recreational, camping, or travel use built on or permanently
4 attached to a self-propelled motor vehicle chassis or on a chassis cab or van
5 which is an integral part of the completed vehicle;

6 (21) "Hazardous substances" shall have the meaning provided in KRS 224.1-400;

7 (22) "Pollutant or contaminant" shall have the meaning provided in KRS 224.1-400;

8 (23) "Release" shall have the meaning as provided in either or both KRS 224.1-400 and
9 KRS 224.60-115;

10 (24) "Qualifying voluntary environmental remediation property" means real property
11 subject to the provisions of KRS 224.1-400 and 224.1-405, or 224.60-135 where the
12 Energy and Environment Cabinet has made a determination that:

13 (a) All releases of hazardous substances, pollutants, contaminants, petroleum, or
14 petroleum products at the property occurred prior to the property owner's
15 acquisition of the property;

16 (b) The property owner has made all appropriate inquiry into previous ownership
17 and uses of the property in accordance with generally accepted practices prior
18 to the acquisition of the property;

19 (c) The property owner or a responsible party has provided all legally required
20 notices with respect to hazardous substances, pollutants, contaminants,
21 petroleum, or petroleum products found at the property;

22 (d) The property owner is in compliance with all land use restrictions and does
23 not impede the effectiveness or integrity of any institutional control;

24 (e) The property owner complied with any information request or administrative
25 subpoena under KRS Chapter 224; and

26 (f) The property owner is not affiliated with any person who is potentially liable
27 for the release of hazardous substances, pollutants, contaminants, petroleum,

1 or petroleum products on the property pursuant to KRS 224.1-400, 224.1-405,
2 or 224.60-135, through:

- 3 1. Direct or indirect familial relationship;
- 4 2. Any contractual, corporate, or financial relationship, excluding
5 relationships created by instruments conveying or financing title or by
6 contracts for sale of goods or services; or
- 7 3. Reorganization of a business entity that was potentially liable;

8 (25) "Intangible personal property" means stocks, mutual funds, money market funds,
9 bonds, loans, notes, mortgages, accounts receivable, land contracts, cash, credits,
10 patents, trademarks, copyrights, tobacco base, allotments, annuities, deferred
11 compensation, retirement plans, and any other type of personal property that is not
12 tangible personal property;

13 (26) (a) "County" means any county, consolidated local government, urban-county
14 government, unified local government, or charter county government;

15 (b) "Fiscal court" means the legislative body of any county, consolidated local
16 government, urban-county government, unified local government, or charter
17 county government; and

18 (c) "County judge/executive" means the chief executive officer of any county,
19 consolidated local government, urban-county government, unified local
20 government, or charter county government;

21 (27) "Taxing district" means any entity with the authority to levy a local ad valorem tax,
22 including special purpose governmental entities;

23 (28) "Special purpose governmental entity" shall have the same meaning as in KRS
24 65A.010, and as used in this chapter shall include only those special purpose
25 governmental entities with the authority to levy ad valorem taxes, and that are not
26 specifically exempt from the provisions of this chapter by another provision of the
27 Kentucky Revised Statutes;

- 1 (29) (a) "Broadcast" means the transmission of audio, video, or other signals, through
2 any electronic, radio, light, or similar medium or method now in existence or
3 later devised over the airwaves to the public in general.
- 4 (b) "Broadcast" shall not apply to operations performed by multichannel video
5 programming service providers as defined in KRS 136.602 or any other
6 operations that transmit audio, video, or other signals, exclusively to persons
7 for a fee;
- 8 (30) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,
9 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid
10 species;
- 11 (31) "Heavy equipment rental agreement" means the short-term rental contract under
12 which qualified heavy equipment is rented without an operator for a period:
- 13 (a) Not to exceed three hundred sixty-five (365) days; or
14 (b) That is open-ended under the terms of the contract with no specified end date;
- 15 (32) "Heavy equipment rental company" means an entity that is primarily engaged in a
16 line of business described in Code 532412 or 532310 of the North American
17 Industry Classification System Manual in effect on January 1, 2019;
- 18 (33) "Qualified heavy equipment" means machinery and equipment, including ancillary
19 equipment and any attachments used in conjunction with the machinery and
20 equipment, that is:
- 21 (a) Primarily used and designed for construction, mining, forestry, or industrial
22 purposes, including but not limited to cranes, earthmoving equipment, well-
23 drilling machinery and equipment, lifts, material handling equipment, pumps,
24 generators, and pollution-reducing equipment; and
- 25 (b) Held in a heavy equipment rental company's inventory for:
- 26 1. Rental under a heavy equipment rental agreement; or
27 2. Sale in the regular course of business;

- 1 (34) "Veteran service organization" means an organization wholly dedicated to
2 advocating on behalf of military veterans and providing charitable programs in
3 honor and on behalf of military veterans;
- 4 (35) "Government restriction on use" means a limitation on the use of at least fifty
5 percent (50%) of the individual dwelling units of a multi-unit rental housing in
6 order to receive a federal or state government incentive based on low-income renter
7 restrictions, including the following government incentives:
- 8 (a) A tax credit under Section 42 of the Internal Revenue Code;
 - 9 (b) Financing derived from exempt facility bonds for qualified residential rental
10 projects under Section 142 of the Internal Revenue Code;
 - 11 (c) A low-interest loan under Section 235 or 236 of the National Housing Act or
12 Section 515 of the Housing Act of 1949;
 - 13 (d) A rent subsidy;
 - 14 (e) A guaranteed loan;
 - 15 (f) A grant; or
 - 16 (g) A guarantee;
- 17 (36) "Low income" means earning at or below eighty percent (80%) of the area median
18 income as defined by the United States Department of Housing and Urban
19 Development for the location of the multi-unit rental housing; and
- 20 (37) "Multi-unit rental housing" means residential property or project consisting of four
21 (4) or more individual dwelling units and does not include:
- 22 (a) Assisted living facilities; or
 - 23 (b) Duplexes or single-family units unless they are included as part of a larger
24 property that is subject to government restriction on use.
- 25 ➔Section 29. KRS 136.010 is amended to read as follows:
- 26 As used in this chapter, except for KRS 136.500 to 136.575, unless the context requires
27 otherwise:

- 1 (1) "Real property":
 2 (a) Means~~[includes]~~ all lands within this state and improvements thereon; and
 3 (b) Includes but is not limited to mains, pipes, pipelines, and conduits that are:
 4 1. Authorized to be installed in, upon, or under any public or private
 5 street or place; and
 6 2. Used or to be used for or in connection with the collection,
 7 transmission, distribution, conducting, sale, or furnishing of heat,
 8 steam, water, sewage, natural or manufactured gas, or electricity to or
 9 for the public;~~[;]~~
- 10 (2) "Personal property" means~~[includes]~~ every species and character of property,
 11 tangible and intangible, other than real property;~~[;]~~
- 12 (3) "Tax exempt United States obligations" means~~[shall include]~~ all obligations of the
 13 United States exempt from taxation under 31 U.S.C. sec.~~[USC Section]~~ 3124(a) or
 14 exempt under the United States Constitution or any federal statute including the
 15 obligations of any instrumentality or agency of the United States which are exempt
 16 from state or local taxation under the United States Constitution or any statute of
 17 the United States; and~~[;]~~
- 18 (4) "Out-of-state business property" means all real and personal property having a
 19 taxable situs outside this state owned by a corporation for use in the active conduct
 20 of a trade or business.

21 ➔Section 30. KRS 138.472 is amended to read as follows:

- 22 (1) As used in this section:
 23 (a) "Bad debt" has the same meaning as in 26 U.S.C. sec. 166, except that the
 24 following shall be excluded:
 25 1. Financing charges or interest;
 26 2. Excise or sales and use taxes charged on the purchase price;
 27 3. Uncollectible amounts on property that remains in the possession of

1 *the person until the full purchase price is paid;*

2 *4. Expenses incurred in attempting to collect any debt; or*

3 *5. Repossessed property;*

4 *(b) "Charged off for income tax purposes" means:*

5 *1. The charging off of unpaid balances due on accounts determined to be*
 6 *uncollectable; or*

7 *2. Declaring as uncollectable the unpaid balance due on accounts if the*
 8 *person is not required to file federal income tax returns;*

9 *(c)* "Department" means the Kentucky Department of Revenue;

10 *(d)*~~*(b)*~~ "Gross receipts" means the total consideration received for the:

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

15 a. Peer-to-peer car sharing company; or

16 b. Motor vehicle rental company; and

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

20 a. TNC;

21 b. Taxicab; or

22 c. Limousine service provider;

23 *(e)*~~*(c)*~~ The following terms have the same meaning as in KRS 281.010:

24 1. "Human service transportation delivery";

25 2. "Limousine";

26 3. "Peer-to-peer car sharing certificate";

27 4. "Peer-to-peer car sharing company";

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

9 ~~(f)(d)~~ "Motor vehicle rental company" has the same meaning as in KRS
10 281.687; and

11 ~~(g)(e)~~ "Person" means the individual or the entity required to be the holder of
12 any of the following certificates in KRS 281.630:

- 13 1. Limousine;
- 14 2. Peer-to-peer car sharing;
- 15 3. Taxicab;
- 16 4. Transportation network; and
- 17 5. U-Drive-It.

18 (2) (a) An excise tax is imposed upon every person for the privilege of providing a
19 motor vehicle for sharing or for rent, with or without a driver, within the
20 Commonwealth.

21 (b) The tax is imposed at the rate of six percent (6%) of the gross receipts derived
22 from the:

- 23 1. Rental of a shared vehicle by a peer-to-peer car sharing company;
- 24 2. Rental of a vehicle by a motor vehicle renting company;
- 25 3. Sales of TNC services;
- 26 4. Sales of taxicab services; and
- 27 5. Sales of limousine services.

- 1 (c) Excluded from the tax are receipts derived from the provision of human
2 service transportation delivery.
- 3 (3) (a) The tax imposed under subsection (2) of this section shall be administered and
4 collected by the department. Revenues generated from the tax shall be
5 deposited into the general fund.
- 6 (b) On or before the twentieth day of the month following each calendar month, a
7 return for the preceding month shall be filed with the department by every
8 person required to pay the tax in a form prescribed by the department.
- 9 (4) The tax imposed by subsection (2) of this section shall be the direct obligation of
10 the peer-to-peer car sharing company, the motor vehicle renting company, the TNC,
11 the taxicab service provider, and the limousine service provider, but it may be
12 charged to and collected from the user of the service. The tax shall be remitted to
13 the department each month on forms and pursuant to administrative regulations
14 promulgated by the department.
- 15 (5) (a) A person may deduct as a bad debt the amount found to be worthless and
16 charged off for income tax purposes, provided the person is reporting and
17 remitting this tax on the accrual basis.
- 18 (b) The person may take the deduction on the return for the period during
19 which the bad debt is written off as uncollectable in the person's books and
20 records and is eligible to be charged off for income tax purposes.
- 21 (c) 1. The person may obtain a refund equal to the amount of bad debt that
22 exceeds the amount of tax due for the period during which the bad
23 debt is written off.
- 24 2. The refund claim shall be made within four (4) years from the due
25 date of the return on which the bad debt could first be claimed.
- 26 3. Notwithstanding KRS 131.183, no interest shall be paid upon any
27 deduction taken or refund made for bad debts.

1 (d) If any bad debt accounts are thereafter, in whole or in part, collected by the
2 person, the amount collected shall be included in the return filed for the
3 period in which the collection is made and the amount of the tax due shall
4 be paid with the return.

5 (e) For purposes of computing a bad debt deduction or reporting a payment
6 received on a previously claimed bad debt, any payments made on a debt or
7 account shall be applied first to the price of the service and the excise tax on
8 the service, proportionally, and then to interest, service charges, and any
9 other charges.

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

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

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

26 ~~(7)(6)~~ Failure to remit the taxes shall be sufficient cause for the Department of
27 Vehicle Regulation to void the certificate issued to a:

- 1 (a) Limousine certificate holder;
- 2 (b) Peer-to-peer car sharing certificate holder;
- 3 (c) Taxicab certificate holder;
- 4 (d) TNC certificate holder; or
- 5 (e) U-Drive-It certificate holder.

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

12 ~~(9)~~~~(8)~~ If the tax imposed by subsection (2) of this section is not paid on or before the
 13 date prescribed for its payment, there shall be collected, as a part of the tax, interest
 14 upon the unpaid amount at the tax interest rate as defined in KRS 131.010(6) from
 15 the date prescribed for its payment until payment is actually made.

16 **(10) (a) For purposes of this subsection, "taxes" shall include:**

- 17 **1. Interest accrued at the rate provided by KRS 131.183;**
- 18 **2. All applicable penalties imposed under this chapter; and**
- 19 **3. All applicable penalties and fees imposed under KRS 131.180, 131.410**
 20 **to 131.445, and 131.990.**

21 **(b) 1.**~~(9)~~ Notwithstanding any other provisions of this chapter to the
 22 contrary, the president, vice president, secretary, treasurer, or any other
 23 person holding any equivalent corporate office of any corporation
 24 subject to the provisions of this ~~section~~~~chapter~~ shall be personally and
 25 individually liable, both jointly and severally, for the taxes imposed
 26 under this ~~section~~~~chapter~~, and neither the corporate dissolution nor
 27 withdrawal of the corporation from the state nor the cessation of holding

1 any corporate office shall discharge the foregoing liability of any
2 person.

3 2. The personal and individual liability shall apply to each and every
4 person holding the corporate office at the time the taxes become or
5 became due.

6 3. No person will be personally and individually liable pursuant to this
7 section who had no authority in the management of the business or
8 financial affairs of the corporation at the time that the taxes imposed by
9 this section~~[chapter]~~ become or became due.~~["Taxes" as used in this~~
10 ~~section shall include interest accrued at the rate provided by KRS~~
11 ~~139.650 and all applicable penalties imposed under this chapter and all~~
12 ~~applicable penalties and fees imposed under KRS 131.180, 131.410 to~~
13 ~~131.445, and 131.990.]~~

14 (c) 1.~~[(10)]~~ Notwithstanding any other provisions of this chapter, KRS
15 275.150, 362.1-306(3) or predecessor law, or 362.2-404(3) to the
16 contrary, the managers of a limited liability company, the partners of a
17 limited liability partnership, and the general partners of a limited
18 liability limited partnership, or any other person holding any equivalent
19 office of a limited liability company, limited liability partnership, or
20 limited liability limited partnership subject to the provisions of this
21 section~~[chapter]~~, shall be personally and individually liable, both jointly
22 and severally, for the taxes imposed under this section~~[chapter]~~.

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

27 3. The personal and individual liability shall apply to each and every

1 manager of a limited liability company, partner of a limited liability
 2 partnership, and general partner of a limited liability limited partnership
 3 at the time the taxes become or became due.

4 **4.** No person shall be personally and individually liable under this
 5 subsection who had no authority to collect, truthfully account for, or pay
 6 over any tax imposed by this section~~[chapter]~~ at the time that the taxes
 7 imposed by this section~~[chapter]~~ become or became due.~~["Taxes" as~~
 8 ~~used in this section shall include interest accrued at the rate provided by~~
 9 ~~KRS 131.183, all applicable penalties imposed under this chapter, and~~
 10 ~~all applicable penalties and fees imposed under KRS 131.180, 131.410~~
 11 ~~to 131.445, and 131.990.]~~

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

14 ➔Section 31. KRS 154.30-010 is amended to read as follows:

15 As used in this subchapter:

16 (1) "Activation date" means:

17 (a) For all projects except those described in paragraph (b) of this subsection, the
 18 date established any time within a two (2) year period after the
 19 commencement date. The Commonwealth may extend the two (2) year period
 20 to no more than four (4) years upon written application by the agency
 21 requesting the extension; and

22 (b) For signature projects approved under KRS 154.30-050(2)(a), the date
 23 established any time within a ten (10) year period after the commencement
 24 date.

25 For all projects established after July 14, 2018, the activation date is the date on
 26 which the time period for the pledge of incremental revenues shall commence. To
 27 implement the activation date, the minimum capital investment must be met and the

1 agency that is a party to the tax incentive agreement shall notify the office;

2 (2) "Agency" means:

3 (a) An urban renewal and community development agency established under
4 KRS Chapter 99;

5 (b) A development authority established under KRS Chapter 99;

6 (c) A nonprofit corporation;

7 (d) A housing authority established under KRS Chapter 80;

8 (e) An air board established under KRS 183.132 to 183.160;

9 (f) A local industrial development authority established under KRS 154.50-301
10 to 154.50-346;

11 (g) A riverport authority established under KRS 65.510 to 65.650; or

12 (h) A designated department, division, or office of a city or county;

13 (3) "Approved public infrastructure costs" means costs associated with the acquisition,
14 installation, construction, or reconstruction of public works, public improvements,
15 and public buildings, including planning and design costs associated with the
16 development of such public amenities. "Approved public infrastructure costs"
17 includes but is not limited to costs incurred for the following:

18 (a) Land preparation, including demolition and clearance work;

19 (b) Buildings;

20 (c) Sewers and storm drainage;

21 (d) Curbs, sidewalks, promenades, and pedways;

22 (e) Roads;

23 (f) Street lighting;

24 (g) The provision of utilities;

25 (h) Environmental remediation;

26 (i) Floodwalls and floodgates;

27 (j) Public spaces or parks;

- 1 (k) Parking;
- 2 (l) Easements and rights-of-way;
- 3 (m) Transportation facilities;
- 4 (n) Public landings;
- 5 (o) Amenities, such as fountains, benches, and sculptures; and
- 6 (p) Riverbank modifications and improvements;
- 7 (4) "Approved signature project costs" means:
- 8 (a) The acquisition of land for portions of the project that are for infrastructure;
- 9 and
- 10 (b) Costs associated with the acquisition, installation, development, construction,
- 11 improvement, or reconstruction of infrastructure, including planning and
- 12 design costs associated with the development of infrastructure, including but
- 13 not limited to parking structures, including portions of parking structures that
- 14 serve as platforms to support development above;
- 15 that have been determined by the commission to represent a unique challenge in the
- 16 financing of a project such that the project could not be developed without
- 17 incentives intended by this chapter to foster economic development;
- 18 (5) "Authority" means the Kentucky Economic Development Finance Authority
- 19 established by KRS 154.20-010;
- 20 (6) "Capital investment" means:
- 21 (a) Obligations incurred for labor and to contractors, subcontractors, builders, and
- 22 materialmen in connection with the acquisition, construction, installation,
- 23 equipping, and rehabilitation of a project;
- 24 (b) The cost of acquiring land or rights in land within the development area on the
- 25 footprint of the project, and any cost incident thereto, including recording
- 26 fees;
- 27 (c) The cost of contract bonds and of insurance of all kinds that may be required

- 1 or necessary during the course of acquisition, construction, installation,
2 equipping, and rehabilitation of a project which is not paid by the contractor
3 or contractors or otherwise provided;
- 4 (d) All costs of architectural and engineering services, including test borings,
5 surveys, estimates, plans, specifications, preliminary investigations,
6 supervision of construction, and the performance of all the duties required by
7 or consequent upon the acquisition, construction, installation, equipping, and
8 rehabilitation of a project;
- 9 (e) All costs that are required to be paid under the terms of any contract for the
10 acquisition, construction, installation, equipping, and rehabilitation of a
11 project; and
- 12 (f) All other costs of a nature comparable to those described in this subsection
13 that occur after preliminary approval;
- 14 (7) "City" means any city, consolidated local government, or urban-county
15 government;
- 16 (8) "Commencement date" means the final approval date or the date on which a tax
17 incentive agreement is executed;
- 18 (9) "Commonwealth" means the Commonwealth of Kentucky;
- 19 (10) "County" means any county, consolidated local government, charter county, unified
20 local government, or urban-county government;
- 21 (11) "CPI" means the nonseasonally adjusted Consumer Price Index for all urban
22 consumers, all items, base year computed for 1982 to 1984 equals one hundred
23 (100), published by the United States Department of Labor, Bureau of Labor
24 Statistics;
- 25 (12) "Department" means the Department of Revenue;
- 26 (13) "Development area" means an area established under KRS 65.7049, 65.7051, and
27 65.7053;

- 1 (14) "Economic development projects" means projects which are approved for tax
2 credits under Subchapter 20, 22, 23, 24, 25, 26, 27, 28, 34, or 48 of KRS Chapter
3 154;
- 4 (15) "Financing costs" means principal, interest, costs of issuance, debt service reserve
5 requirements, underwriting discount, costs of credit enhancement or liquidity
6 instruments, and other costs directly related to the issuance of bonds or debt for
7 approved public infrastructure costs or approved signature project costs for projects
8 approved pursuant to KRS 154.30-050;
- 9 (16) "Footprint" means the actual perimeter of a discrete, identified project within a
10 development area. The footprint shall not include any portion of a development area
11 outside the area for which actual capital investments are made and must be
12 contiguous;
- 13 (17) "Governing body" means the body possessing legislative authority in a city or
14 county;
- 15 (18) "Increment bonds" means bonds and notes issued for the purpose of paying the
16 costs of one (1) or more projects;
- 17 (19) "Incremental revenues" means:
- 18 (a) The amount of revenues received by a taxing district, as determined by
19 subtracting old revenues from new revenues in a calendar year with respect to
20 a development area, or a project within a development area; or
- 21 (b) The amount of revenues received by the Commonwealth as determined by
22 subtracting old revenues from new revenues in a calendar year with respect to
23 the footprint;
- 24 (20) "Local participation agreement" means the agreement entered into under KRS
25 65.7063;
- 26 (21) "Local tax revenues" has the same meaning as in KRS 65.7045;
- 27 (22) "Modified new revenues for income tax" means the amount of individual income

1 tax included in state tax revenues that is:

2 (a) The result of multiplying the portion of state tax revenues from individual
3 income taxes by the modifier;

4 (b) Used for calculating state tax revenues in a calendar year beginning on or
5 after January 1, 2023~~[calendar years 2023 and 2024]~~; and

6 (c) For projects approved prior to January 1, 2023;

7 (23) "Modifier" means the result of dividing the individual income tax rate of five
8 percent (5%), in effect as of December 31, 2022, by the individual income tax rate
9 under KRS 141.020 for the calendar year in which the new revenues for income tax
10 are being computed;

11 (24) "New revenues" means:

12 (a) The amount of local tax revenues received by a taxing district with respect to
13 a development area in any calendar year beginning with the year in which the
14 activation date occurred; and

15 (b) The amount of state tax revenues received by the Commonwealth with respect
16 to the footprint in any calendar year beginning with the year in which the
17 activation date occurred.

18 For projects approved prior to January 1, 2023, any state tax revenues received by
19 the Commonwealth from individual income tax shall be computed using modified
20 new revenues for income tax;

21 (25) "Old revenues" means:

22 (a) The amount of local tax revenues received by a taxing district with respect to
23 a development area as of December 31 of the year of preliminary approval; or

24 (b) 1. The amount of state tax revenues received by the Commonwealth within
25 the footprint as of December 31 of the year of preliminary approval. If
26 the authority determines that the amount of state tax revenues received
27 as of December 31 of the last calendar year prior to the commencement

1 of preliminary approval does not represent a true and accurate depiction
2 of revenues, the authority may consider revenues for a period of no
3 longer than three (3) calendar years prior to the year of preliminary
4 approval, so as to determine a fair representation of state tax revenues.
5 The amount determined by the authority shall be specified in the tax
6 incentive agreement. If state tax revenues were derived from the
7 footprint prior to the year of preliminary approval, old revenues shall
8 increase each calendar year by:

- 9 a. The percentage increase, if any, of the CPI or a comparable index;
10 or
11 b. An alternative percentage increase that is determined to be
12 appropriate by the authority.

13 The method for increasing old revenues shall be set forth in the tax
14 incentive agreement;

- 15 2. If state revenues were derived from the footprint prior to the year of
16 preliminary approval, the calculation of incremental revenues shall be
17 based on the value of old revenues as increased using the method
18 prescribed in subparagraph 1. of this paragraph to reflect the same
19 calendar year as is used in the determination of new revenues;

20 (26) "Outstanding" means increment bonds that have been issued, delivered, and paid
21 for by the purchaser, except any of the following:

- 22 (a) Increment bonds canceled upon surrender, exchange, or transfer, or upon
23 payment or redemption;
24 (b) Increment bonds in replacement of which or in exchange for which other
25 increment bonds have been issued; or
26 (c) Increment bonds for the payment, redemption, or purchase for cancellation
27 prior to maturity, of which sufficient moneys or investments, in accordance

1 with the ordinance or other proceedings or any applicable law, by mandatory
2 sinking fund redemption requirements, or otherwise, have been deposited, and
3 credited in a sinking fund or with a trustee or paying or escrow agent, whether
4 at or prior to their maturity or redemption, and, in the case of increment bonds
5 to be redeemed prior to their stated maturity, notice of redemption has been
6 given or satisfactory arrangements have been made for giving notice of that
7 redemption, or waiver of that notice by or on behalf of the affected bond
8 holders has been filed with the issuer or its agent;

9 (27) "Preliminary approval" means the action taken by the authority preliminarily
10 approving an eligible project for incentives under this subchapter;

11 (28) "Project" means any property, asset, or improvement located in a development area
12 and certified by the governing body as:

13 (a) Being for a public purpose; and

14 (b) Being for the development of facilities for residential, commercial, industrial,
15 public, recreational, or other uses, or for open space, including the
16 development, rehabilitation, renovation, installation, improvement,
17 enlargement, or extension of real estate and buildings; and

18 (c) Contributing to economic development or tourism; and

19 (d) Meeting the additional requirements established by KRS 154.30-040, 154.30-
20 050, or 154.30-060;

21 (29) "Signature project" means a project approved under KRS 154.30-050;

22 (30) "State real property ad valorem tax" means real property ad valorem taxes levied
23 under KRS 132.020(1)(a);

24 (31) "State tax revenues" means revenues received by the Commonwealth from one (1)
25 or more of the following sources:

26 (a) State real property ad valorem taxes;

27 (b) Individual income taxes levied under KRS 141.020, other than individual

- 1 income taxes that have already been pledged to support an economic
2 development project within the development area;
- 3 (c) Corporation income taxes levied under KRS 141.040, other than corporation
4 income taxes that have already been pledged to support an economic
5 development project within the development area;
- 6 (d) Limited liability entity taxes levied under KRS 141.0401, other than limited
7 liability entity taxes that have already been pledged to support an economic
8 development project within the development area; and
- 9 (e) Sales taxes levied under KRS 139.200, excluding sales taxes already pledged
10 for:
- 11 1. Approved tourism attraction projects, as defined in KRS 148.851, within
12 the development area; and
- 13 2. Projects which are approved for sales tax refunds under Subchapter 20
14 of KRS Chapter 154 within the development area;
- 15 (32) "Tax incentive agreement" means an agreement entered into in accordance with
16 KRS 154.30-070; and
- 17 (33) "Termination date" means:
- 18 (a) For a tax incentive agreement satisfying the requirements of KRS 154.30-040
19 or 154.30-060, a date established by the tax incentive agreement that is no
20 more than twenty (20) years from the activation date. However, the
21 termination date for a tax incentive agreement shall in no event be more than
22 forty (40) years from the establishment date of the development area to which
23 the tax incentive agreement relates; and
- 24 (b) For a project grant agreement satisfying the requirements of KRS 154.30-050,
25 a date established by the tax incentive agreement that is no more than thirty
26 (30) years from the activation date. However, the termination date for a tax
27 incentive agreement shall in no event be more than forty (40) years from the

1 establishment date of the development area to which the tax incentive
2 agreement relates.

3 →Section 32. KRS 15.460 is amended to read as follows:

- 4 (1) (a) Except as provided in subsection (4)(a) of this section, an eligible unit of
5 government shall be entitled to receive an annual supplement of **four**
6 **thousand five hundred twenty-seven dollars (\$4,527), as annually adjusted**
7 **by the United States Bureau of Economic Analysis personal consumption**
8 **expenditures price index:**
- 9 **1. Using the most recently available monthly data near the end of a fiscal**
10 **year for application to the succeeding fiscal year; and**
- 11 **2. Determined by the percentage change for that month over the same**
12 **month one (1) year earlier**~~[three thousand dollars (\$3,000) for each~~
13 ~~qualified police officer it employs. The supplement amount shall be~~
14 ~~increased to four thousand dollars (\$4,000) beginning July 1, 2018].~~
- 15 (b) 1. In addition to the supplement, the unit of government shall receive an
16 amount equal to the required employer's contribution on the supplement
17 to the retirement plan and duty category to which the officer belongs. In
18 the case of County Employees Retirement System membership, the
19 retirement plan contribution on the supplement shall be paid whether the
20 officer enters the system under hazardous duty coverage or
21 nonhazardous coverage.
- 22 2. The unit of government shall pay the amount received for retirement
23 plan coverage to the appropriate retirement system to cover the required
24 employer contribution on the pay supplement.
- 25 3. If the foundation program funds are insufficient to pay employer
26 contributions to the system, then the total amount available for
27 retirement plan payments shall be prorated to each eligible government

1 so that each receives the same percentage of required retirement plan
2 costs attributable to the cash salary supplement.

3 (c) 1. In addition to the payments received under paragraphs (a) and (b) of this
4 subsection, but only if sufficient funds are available to make all
5 payments required under paragraph (b) of this subsection, each unit of
6 government shall receive an administrative expense reimbursement in an
7 amount equal to seven and sixty-five one-hundredths percent (7.65%) of
8 the total annual supplement received greater than three thousand one
9 hundred dollars (\$3,100) for each qualified police officer that is a local
10 officer as defined in KRS 15.420(2)(a)1. that it employs, subject to the
11 cap established by subparagraph 3. of this paragraph.

12 2. The unit of government may use the moneys received under this
13 paragraph in any manner it deems necessary to partially cover the costs
14 of administering the payments received under paragraph (a) of this
15 subsection.

16 3. The total amount distributed under this paragraph shall not exceed the
17 total sum of five hundred twenty-five thousand dollars (\$525,000) for
18 each fiscal year. If there are insufficient funds to provide for full
19 reimbursement as provided in subparagraph 1. of this paragraph, then
20 the amount shall be distributed pro rata to each eligible unit of
21 government so that each receives the same percentage attributable to its
22 total receipt of the cash salary supplement.

23 (d) In addition to the payments received under paragraphs (a) and (b) of this
24 subsection, each unit of government shall receive the associated fringe
25 benefits costs for the total supplement of four thousand ***five hundred twenty-***
26 ***seven*** dollars ***(\$4,527), as adjusted,*** ~~[((\$4,000)] for each qualified police officer
27 that is a state officer as defined in KRS 15.420(2)(a)2. that it employs. Fringe~~

1 benefits shall be limited to retirement plan contributions and the federal
2 insurance contributions act tax.

3 (e) Notwithstanding paragraphs (a) to (d) of this subsection, a Kentucky
4 Department of Fish and Wildlife Resources conservation officer appointed
5 pursuant to KRS 150.090(2) and listed in KRS 15.420(2)(a)2.n. shall be a
6 participant in the Kentucky Law Enforcement Foundation Program fund, but
7 shall not receive an annual supplement from that fund. A conservation officer
8 shall receive an annual training stipend commensurate to the annual
9 supplement paid to the police officer as defined in KRS 15.420. The annual
10 training stipend disbursed to a conservation officer shall be paid from the
11 game and fish fund pursuant to KRS 150.150.

12 (f) Any peace officer sanctioned by the Tourism, Arts and Heritage Cabinet shall
13 be deemed a police officer solely for the purpose of inclusion in the Law
14 Enforcement Foundation Program fund.

15 (2) The supplement provided in subsection (1) of this section shall be paid by the unit
16 of government to each police officer whose qualifications resulted in receipt of a
17 supplemental payment. The payment shall be in addition to the police officer's
18 regular salary and, except as provided in subsection (4)(b) of this section, shall
19 continue to be paid to a police officer who is a member of:

20 (a) The Kentucky National Guard during any period of activation under Title 10
21 or 32 of the United States Code or KRS 38.030; or

22 (b) Any reserve component of the United States Armed Forces during any period
23 of activation with the United States Armed Forces.

24 (3) (a) A qualified sheriff who receives the maximum salary allowed by Section 246
25 of the Kentucky Constitution and KRS 64.527 shall not receive a supplement.

26 (b) A qualified sheriff who does not receive the maximum salary allowed by
27 Section 246 of the Kentucky Constitution and KRS 64.527, excluding the

1 expense allowance provided by KRS 70.170, shall upon annual settlement
2 with the fiscal court under KRS 134.192, receive that portion of the
3 supplement that will not cause his or her compensation to exceed the
4 maximum salary.

5 (c) A qualified sheriff who seeks to participate in the fund shall forward a copy of
6 the annual settlement prepared under KRS 134.192 to the fund. The sheriff
7 shall reimburse the fund if an audit of the annual settlement conducted
8 pursuant to KRS 134.192 reflects that the sheriff received all or a portion of
9 the supplement in violation of this section. A sheriff who fails to provide a
10 copy of the annual settlement to the fund or to reimburse the fund after
11 correction by audit, if required, shall not be qualified to participate in the fund
12 for a period of two (2) years.

13 (d) A qualified deputy sheriff shall receive the supplement from the sheriff if the
14 sheriff administers his or her own budget or from the county treasurer if the
15 sheriff pools his or her fees. The failure of a sheriff to comply with the
16 provisions of this section shall not affect the qualification of his or her
17 deputies to participate in the fund.

18 (4) (a) Eligible units of government shall receive the salary supplement, excluding
19 funds applicable to the employer's retirement plan contribution, provided in
20 subsection (1) of this section for distribution to a police officer who is eligible
21 under subsection (2) of this section.

22 (b) A qualified police officer receiving a salary supplement during any period of
23 military activation, as provided in subsection (2) of this section, shall not be
24 entitled to receive the employer's retirement plan contribution, and the salary
25 supplement shall not be subjected to an employee's contribution to a
26 retirement plan. The salary supplement shall otherwise be taxable for all
27 purposes.

- 1 (5) A unit of government receiving disbursements under this section shall follow all
 2 laws applicable to it that may govern due process disciplinary procedures for its
 3 officers, but this subsection shall not be interpreted to:
- 4 (a) Authorize the department, the cabinet, or the council to investigate, judge, or
 5 exercise any control or jurisdiction regarding the compliance of a unit of
 6 government with laws that may govern due process disciplinary procedures
 7 for its officers, except as otherwise provided by laws;
- 8 (b) Create a private right of action for any police officer regarding an agency's
 9 participation in this section;
- 10 (c) Authorize a termination of an agency's participation as a result of a judgment
 11 that the unit of government failed to follow its procedures in any independent
 12 cause of action brought by the police officer against the unit of government;
 13 or
- 14 (d) Prevent the adoption, amendment, or repeal of any laws that may govern the
 15 due process disciplinary procedures of a unit of government's police officers.

16 ➔Section 33. KRS 95A.250 is amended to read as follows:

- 17 (1) (a) An eligible local government shall be entitled to receive an annual supplement
 18 of four thousand five hundred twenty-seven dollars (\$4,527), as annually
 19 adjusted by the United States Bureau of Economic Analysis personal
 20 consumption expenditures price index:
- 21 1. Using the most recently available monthly data near the end of a fiscal
 22 year for application to the succeeding fiscal year; and
- 23 2. Determined by the percentage change for that month over the same
 24 month one (1) year earlier; ~~three thousand dollars (\$3,000) and,~~
 25 ~~beginning July 1, 2018, an annual supplement of four thousand dollars~~
 26 ~~(\$4,000)~~
- 27 for each qualified professional firefighter it employs, plus an amount equal to

1 the required employer's contribution on the supplement to the defined benefit
2 pension plan, or to a plan qualified under Section 401(a) or Section 457 of the
3 Internal Revenue Code of 1954 as amended.

4 (b) The employer's contribution to any of these plans on the supplement shall not
5 exceed the required employer's contribution to the County Employees
6 Retirement System pursuant to KRS Chapter 78 for the hazardous duty
7 category. The pension contribution on the supplement shall be paid whether
8 the professional firefighter entered the system under hazardous duty coverage
9 or nonhazardous coverage.

10 (c) The local unit of government shall pay the amount received for retirement
11 coverage to the appropriate retirement system to cover the required employer
12 contribution on the supplement.

13 (d) Should the foundation program funds be insufficient to pay employer
14 contributions to the system, then the total amount available for pension
15 payments shall be prorated to each eligible government so that each receives
16 the same percentage of required pension costs attributable to the supplement.

17 (e) 1. In addition to the payments received under paragraphs (a) and (b) of this
18 subsection, but only if sufficient funds are available to fully reimburse
19 each eligible local government for the employer contributions to the
20 pension system, each local government shall receive an administrative
21 expense reimbursement in an amount equal to seven and sixty-five one-
22 hundredths percent (7.65%) of the total annual supplement received
23 greater than three thousand one hundred dollars (\$3,100) for each
24 qualified professional firefighter it employs, subject to the cap
25 established by subparagraph 3. of this paragraph.

26 2. The local government may use the moneys received under this
27 paragraph in any manner it deems necessary to partially cover the costs

1 of administering the payments received under paragraph (a) of this
2 subsection.

3 3. The total amount distributed under this paragraph shall not exceed the
4 total sum of two hundred fifty thousand dollars (\$250,000) for each
5 fiscal year. If there are insufficient funds to provide for full
6 reimbursement as provided in subparagraph 1. of this paragraph, then
7 the amount shall be distributed pro rata to each eligible local
8 government so that each receives the same percentage attributable to its
9 total receipt of the cash salary supplement.

10 (2) (a) Each qualified professional firefighter, whose local government receives a
11 supplement pursuant to subsection (1)(a) of this section due to employment of
12 the firefighter, shall receive distribution of the supplement from that local
13 government in twelve (12) equal monthly installments with his or her pay for
14 the last pay period of each month. The monthly distribution shall be
15 calculated by dividing the supplement amount established in subsection (1)(a)
16 of this section by twelve (12).

17 (b) The supplement disbursed to a qualified professional firefighter pursuant to
18 this section shall not be considered "wages" as defined by KRS
19 337.010(1)(c)1. and shall not be included in the hourly wage rate for
20 calculation of overtime pursuant to KRS 337.285 for scheduled overtime. The
21 supplement shall be included in the hourly wage rates for calculation of
22 overtime for unscheduled overtime pursuant to KRS 337.285.

23 (c) To determine the addition to the hourly wage rate for calculation of overtime
24 on unscheduled overtime, the annual supplement shall be divided by two
25 thousand eighty (2,080). The overtime rate for unscheduled overtime shall be
26 calculated by adding the quotient, which is the amount of the annual
27 supplement divided by two thousand eighty (2,080), to the hourly wage rate

1 and multiplying the total by one and one-half (1.5). The enhanced overtime
2 rate shall be paid only for unscheduled overtime. Scheduled overtime shall be
3 paid at one and one-half (1.5) times the regular hourly wage rate, excluding
4 the supplement.

5 (3) (a) The Kentucky Community and Technical College System shall be entitled to
6 receive annually a supplement equal to the amount determined in subsection
7 (1) of this section for each Kentucky fire and rescue training coordinator
8 employed by the Kentucky Community and Technical College System who
9 meets the qualifications for individual firefighters required in KRS 95A.230,
10 plus an amount equal to the required employer's contribution on the
11 supplement to the defined benefit pension plan.

12 (b) The Department of Military Affairs shall be entitled to receive annually a
13 supplement equal to the amount determined in subsection (1) of this section
14 for each civilian firefighter employed by the Department of Military Affairs
15 who meets the qualifications for individual firefighters required in KRS
16 95A.230, plus an amount equal to the required employer's contribution on the
17 supplement to the defined benefit pension plan.

18 (c) Each fire and rescue training coordinator employed by the Kentucky
19 Community and Technical College System and each civilian firefighter
20 employed by the Department of Military Affairs, whose employer receives a
21 supplement pursuant to this subsection, shall receive distribution from that
22 employer of the supplement which his or her qualifications brought to the
23 employer. The supplement distributed shall be in addition to his or her regular
24 salary.

25 ➔Section 34. KRS 95A.262 is amended to read as follows:

26 (1) The Kentucky Fire Commission shall, in cooperation with the Cabinet for Health
27 and Family Services, develop and implement a continuing program to inoculate

1 every paid and volunteer firefighter in Kentucky against hepatitis A and B. The
2 program shall be funded from revenues allocated to the Firefighters Foundation
3 Program fund pursuant to KRS 136.392 and 42.190, not to exceed five hundred
4 thousand dollars (\$500,000) per fiscal year.

5 (2) (a) Except as provided in subsection (3) of this section, the Kentucky Fire
6 Commission shall allot on an annual basis a share of the funds accruing to and
7 appropriated for volunteer fire department aid to volunteer fire departments in
8 cities of all classes, fire protection districts organized pursuant to KRS
9 Chapter 75, county districts established under authority of KRS 67.083, and
10 volunteer fire departments created as nonprofit corporations pursuant to KRS
11 Chapter 273.

12 (b) The commission shall allot *fifteen thousand dollars (\$15,000), as annually*
13 *adjusted by the United States Bureau of Economic Analysis personal*
14 *consumption expenditures price index:*

15 *1. Using the most recently available monthly data near the end of a fiscal*
16 *year for application to the succeeding fiscal year; and*

17 *2. Determined by the percentage change for that month over the same*
18 *month one (1) year earlier.*

19 *The allotment shall be paid*~~eleven thousand dollars (\$11,000)~~ annually to
20 each qualifying department.

21 (c) Any qualifying department which fails to participate satisfactorily in the
22 Kentucky fire incident reporting system as described in KRS 304.13-380 shall
23 forfeit annually five hundred dollars (\$500) of its allotment.

24 (d) If two (2) or more qualified volunteer fire departments, as defined in KRS
25 95A.500 to 95A.560, merge after January 1, 2000, then the allotment shall be
26 in accordance with the provisions of KRS 95A.500 to 95A.560.

27 (e) Administrative regulations for determining qualifications shall be based on

1 the number of both paid firefighters and volunteer firemen within a volunteer
2 fire department, the amount of equipment, housing facilities available, and
3 any other matters or standards that will best effect the purposes of the
4 volunteer fire department aid law. A qualifying department shall:

- 5 1. Include at least twelve (12) firefighters;
- 6 2. Have a chief;
- 7 3. Have at least one (1) operational fire apparatus or one (1) on order; and
- 8 4. Have at least fifty percent (50%) of its firefighters who have completed
9 at least one-half (1/2) of one hundred fifty (150) training hours, or as
10 otherwise established by the commission under KRS 95A.240(6),
11 toward certification within the first six (6) months of the first year of the
12 department's application for certification, and there shall be a plan to
13 complete the one hundred fifty (150) training hours, or as otherwise
14 established by the commission by KRS 95A.240(6), within the second
15 year.

16 These personnel, equipment, and training requirements shall not be made
17 more stringent by the promulgation of administrative regulations.

18 (f) No allotment shall exceed the total value of the funds, equipment, lands, and
19 buildings made available to the local fire units from any source whatever for
20 the year in which the allotment is made.

21 (g) A portion of the funds provided for above may be used to purchase group or
22 blanket health insurance and shall be used to purchase workers' compensation
23 insurance, and the remaining funds shall be distributed as provided in this
24 section.

25 (3) There shall be allotted two hundred thousand dollars (\$200,000) of the insurance
26 premium surcharge proceeds accruing to the Firefighters Foundation Program fund
27 that shall be allocated each fiscal year of the biennium to the firefighters training

1 center fund, which is hereby created and established, for the purposes of
2 constructing new or upgrading existing training centers for firefighters. If any
3 moneys in the training center fund remain uncommitted, unobligated, or
4 unexpended at the close of the first fiscal year of the biennium, then such moneys
5 shall be carried forward to the second fiscal year of the biennium, and shall be
6 reallocated to and for the use of the training center fund, in addition to the second
7 fiscal year's allocation of two hundred thousand dollars (\$200,000). Prior to funding
8 any project pursuant to this subsection, a proposed project shall be approved by the
9 Kentucky Fire Commission as provided in subsection (4) of this section and shall
10 comply with state laws applicable to capital construction projects.

11 (4) Applications for funding low-interest loans and firefighters' training centers shall be
12 submitted to the Kentucky Fire Commission for their recommendation, approval,
13 disapproval, or modification. The commission shall review applications
14 periodically, and shall, subject to funds available, recommend which applications
15 shall be funded and at what levels, together with any terms and conditions the
16 commission deems necessary.

17 (5) Any department or entity eligible for and receiving funding pursuant to this section
18 shall have a minimum of fifty percent (50%) of its personnel certified as recognized
19 by the Kentucky Fire Commission.

20 (6) Upon the written request of any department, the Kentucky Fire Commission shall
21 make available a certified training program in a county of which such department is
22 located.

23 (7) The amount of reimbursement for any given year for costs incurred by the
24 Kentucky Community and Technical College System for administering these funds,
25 including but not limited to the expenses and costs of commission operations, shall
26 be determined by the commission and shall not exceed five percent (5%) of the total
27 amount of moneys accruing to the Firefighters Foundation Program fund which are

1 allotted for the purposes specified in this section during any fiscal year.

2 (8) The commission shall withhold from the general distribution of funds under
3 subsection (2) of this section an amount which it deems sufficient to reimburse
4 volunteer fire departments for equipment lost or damaged beyond repair due to
5 hazardous material incidents.

6 (9) Moneys withheld pursuant to subsection (8) of this section shall be distributed only
7 under the following terms and conditions:

8 (a) A volunteer fire department has lost or damaged beyond repair items of
9 personal protective clothing or equipment due to that equipment having been
10 lost or damaged as a result of an incident in which a hazardous material (as
11 defined in any state or federal statute or regulation) was the causative agent of
12 the loss;

13 (b) The volunteer fire department has made application in writing to the
14 commission for reimbursement in a manner approved by the commission and
15 the loss and the circumstances thereof have been verified by the commission;

16 (c) The loss of or damage to the equipment has not been reimbursed by the
17 person responsible for the hazardous materials incident or by any other
18 person;

19 (d) The commission has determined that the volunteer fire department does not
20 have the fiscal resources to replace the equipment;

21 (e) The commission has determined that the equipment sought to be replaced is
22 immediately necessary to protect the lives of the volunteer firefighters of the
23 fire department;

24 (f) The fire department has agreed in writing to subrogate all claims for and
25 rights to reimbursement for the lost or damaged equipment to the
26 Commonwealth to the extent that the Commonwealth provides reimbursement
27 to the department; and

- 1 (g) The department has shown to the satisfaction of the commission that it has
2 made reasonable attempts to secure reimbursement for its losses from the
3 person responsible for the hazardous materials incident and has been
4 unsuccessful in the effort.
- 5 (10) If a volunteer fire department has met all of the requirements of subsection (9) of
6 this section, the commission may authorize a reimbursement of equipment losses
7 not exceeding ten thousand dollars (\$10,000) or the actual amount of the loss,
8 whichever is less.
- 9 (11) Moneys which have been withheld during any fiscal year which remain unexpended
10 at the end of the fiscal year shall be distributed in the normal manner required by
11 subsection (2) of this section during the following fiscal year.
- 12 (12) No volunteer fire department may receive funding for equipment losses more than
13 once during any fiscal year.
- 14 (13) The commission shall make reasonable efforts to secure reimbursement from the
15 responsible party for any moneys awarded to a fire department pursuant to this
16 section.
- 17 (14) The commission, in accordance with the procedures in subsection (4) of this
18 section, may make low-interest loans, and the interest thereon shall not exceed three
19 percent (3%) annually or the amount needed to sustain operating expenses of the
20 loan fund, whichever is less, to volunteer fire departments for the purposes of major
21 equipment purchases and facility construction. Loans shall be made to departments
22 which achieve the training standards necessary to qualify for volunteer fire
23 department aid allotted pursuant to subsection (2) of this section, and which do not
24 have other sources of funds at rates which are favorable given their financial
25 resources. The proceeds of loan payments shall be returned to the loan fund for the
26 purpose of providing future loans. If a department does not make scheduled loan
27 payments, the commission may withhold any grants payable to the department

1 pursuant to subsection (2) of this section until the department is current on its
2 payments. Money in the low-interest loan fund shall be used only for the purposes
3 specified in this subsection. Any funds remaining in the fund at the end of a fiscal
4 year shall be carried forward to the next fiscal year for the purposes of the fund.

5 (15) Each fiscal year there shall be allotted one million dollars (\$1,000,000) from the
6 fund established in KRS 95A.220 to be used by the commission to conduct training-
7 related activities.

8 (16) If funding is available from the fund established in KRS 95A.220, the Kentucky
9 Fire Commission may implement the following:

10 (a) A program to prepare emergency service personnel for handling potential
11 man-made and non-man-made threats. The commission shall work in
12 conjunction with the state fire marshal and other appropriate agencies and
13 associations to identify and make maps of gas transmission and hazardous
14 liquids pipelines in the state;

15 (b) A program to provide and maintain a mobile test facility in each training
16 region established by the Kentucky Fire Commission with equipment to
17 administer Comprehensive Physical Aptitude Tests (CPAT) to ascertain a
18 firefighter's ability to perform the physical requirements necessary to be an
19 effective and safe firefighter;

20 (c) A program to provide defensive driving training tactics to firefighters. The
21 commission shall purchase, instruct in the use of, and maintain mobile
22 equipment in each of the training regions, and fund expenses related to
23 equipment replacement;

24 (d) A program to annually evaluate equipment adequacy and to provide for
25 annual physical examinations for instructors, adequate protective clothing and
26 personal equipment to meet NFPA guidelines, and to establish procedures for
27 replacing this equipment as needed;

- 1 (e) A program to establish a rotational expansion and replacement program for
2 mobile fleet equipment currently used for training and recertification of fire
3 departments;
- 4 (f) A program to expand and update current emergency medical services,
5 emergency medical responder, emergency medical technician, advanced
6 emergency medical technician, and paramedic training and certification
7 instruction; and
- 8 (g) A program to purchase thermal vision devices to comply with the provisions
9 of KRS 95A.400 to 95A.440.

10 ➔Section 35. KRS 186.162 is amended to read as follows:

11 (1) As used in this section and in KRS 186.043, 186.164, 186.166, 186.1722, and
12 186.174:

- 13 (a) "Special license plate" means a unique license plate issued under this chapter
14 to a group or organization that readily identifies the operator of the motor
15 vehicle or motorcycle bearing the plate as a member of a group or
16 organization, or a supporter of the work, goals, or mission of a group or
17 organization. The term shall not include regular license plates issued under
18 KRS 186.240;
- 19 (b) "Street rod" means a modernized private passenger motor vehicle
20 manufactured prior to the year 1949, or designed or manufactured to resemble
21 a vehicle manufactured prior to 1949;
- 22 (c) "SF" means the portion of an initial or renewal fee to obtain a special license
23 plate that is dedicated for use by the Transportation Cabinet;
- 24 (d) "CF" means the county clerk's fee for issuing a motor vehicle registration as
25 established under KRS 186.040(1). If a CF amount is charged for a license
26 plate listed in this section, the applicant for that plate shall also pay the fees
27 identified in KRS 186.040(6). If a CF amount is not charged, the applicant

1 shall not be required to pay those fees; and

2 (e) "EF" means the portion of an initial or renewal fee to obtain a special license
3 plate that is mandated by this chapter to be dedicated for use by a particular
4 group or organization.

5 (2) The initial purchase fee and renewal fee for a special license plate created under this
6 chapter shall be as established in this subsection and includes the name of group or
7 organization and the total initial and renewal fee required for the plate. The amount
8 in parentheses indicates how the total fee is required to be divided:

9 (a) Disabled veterans who receive assistance to purchase a vehicle from the
10 United States Department of Veterans' Affairs, veterans declared by the
11 United States Department of Veterans' Affairs to be one hundred percent
12 (100%) service-connected disabled, and recipients of the Congressional
13 Medal of Honor:

14 1. Initial Fee: \$0 (\$0 SF/\$0 CF/\$0 EF).

15 2. Renewal Fee: \$0 (\$0 SF/\$0 CF/\$0 EF).

16 (b) Former prisoners of war and survivors of Pearl Harbor:

17 1. Initial Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'
18 program trust fund established under KRS 40.460).

19 2. Renewal Fee: \$6 (\$0 SF/\$6 CF/\$0 EF).

20 (c) Members of the Kentucky National Guard and recipients of the Purple Heart:

21 1. Initial Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'
22 program trust fund established under KRS 40.460).

23 2. Renewal Fee: \$11 (\$0 SF/\$6 CF/\$5 EF to the veterans'
24 program trust fund established under KRS 40.460).

25 (d) Members of the Civil Air Patrol; active, retired, veteran, reserve, or auxiliary
26 members of the United States Army, Navy, Air Force, Marine Corps, or Coast
27 Guard; Merchant Marines who served between December 7, 1941, and

1 August 15, 1945; recipients of the Silver Star Medal, the Distinguished Flying
2 Cross, the Air Medal, the Combat Action Badge, the Combat Infantry Badge,
3 or the Bronze Star Medal; persons who wish to receive Gold Star Mothers,
4 Gold Star Fathers, or Gold Star Spouses license plates beyond the two (2)
5 exempted from fees under KRS 186.041(6); individuals eligible for a special
6 military service academy license plate under KRS 186.041(8); individuals
7 eligible for a special military unit license plate under KRS 186.163; and
8 disabled veterans who have been declared to be between fifty percent (50%)
9 and ninety-nine percent (99%) service-connected disabled by the United
10 States Department of Veterans' Affairs:

- 11 1. Initial Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'
12 program trust fund established under KRS 40.460).
- 13 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'
14 program trust fund established under KRS 40.460).

15 (e) Recipients of the Distinguished Service Cross, Navy Cross, or Air Force
16 Cross:

- 17 1. Initial Fee: \$6 (\$0 SF/\$6 CF/\$0 EF).
- 18 2. Renewal Fee: \$6 (\$0 SF/\$6 CF/\$0 EF).

19 (f) Disabled license plates:

- 20 1. Initial Fee: \$18 (\$12 SF/\$6 CF/\$0 EF).
- 21 2. Renewal Fee: \$18 (\$12 SF/\$6 CF/\$0 EF).

22 (g) Historic vehicles:

- 23 1. Initial Fee for two plates: \$56 (\$50 SF/\$6 CF/\$0 EF).
- 24 2. Renewal Fee: Do not renew annually.

25 (h) Members of Congress:

- 26 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).
- 27 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'

1 program trust fund established under KRS 40.460).

2 (i) Firefighters:

3 1. Initial Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the Kentucky
4 Firefighters Association).

5 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the Kentucky
6 Firefighters Association).

7 (j) Emergency management:

8 1. Initial Fee: \$31 (\$25 SF/\$6 CF/\$0 EF).

9 2. Renewal Fee: \$18 (\$12 SF/\$6 CF/\$0 EF).

10 (k) Fraternal Order of Police:

11 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the Kentucky
12 FOP Death Benefit Fund).

13 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the Kentucky
14 FOP Death Benefit Fund).

15 (l) Law Enforcement Memorial:

16 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the Kentucky
17 Law Enforcement Memorial Foundation, Inc.).

18 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the Kentucky
19 Law Enforcement Memorial Foundation, Inc.).

20 (m) Personalized plates:

21 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).

22 2. Renewal Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).

23 (n) Street rods:

24 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).

25 2. Renewal Fee: \$18 (\$12 SF/\$6 CF/\$0 EF).

26 (o) Nature plates:

27 1. Initial Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to Kentucky

- 1 Heritage Land Conservation Fund established under KRS 146.570).
- 2 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to Kentucky
- 3 Heritage Land Conservation Fund established under KRS 146.570).
- 4 (p) Amateur radio:
- 5 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).
- 6 2. Renewal Fee: \$18 (\$12 SF/\$6 CF/\$0 EF).
- 7 (q) Kentucky General Assembly:
- 8 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).
- 9 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'
- 10 program trust fund established under KRS 40.460).
- 11 (r) Kentucky Court of Justice:
- 12 1. Initial Fee: \$43 (\$37 SF/\$6 CF/\$0 EF).
- 13 2. Renewal Fee: \$11 (\$0 SF/\$6 CF/\$5 EF to the veterans'
- 14 program trust fund established under KRS 40.460).
- 15 (s) Masons:
- 16 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the Masonic
- 17 Homes of Kentucky).
- 18 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the Masonic
- 19 Homes of Kentucky).
- 20 (t) Collegiate plates:
- 21 1. Initial Fee: \$53 (\$37 SF/\$6 CF/\$10 EF to the general
- 22 scholarship fund of the university whose name will be borne on the
- 23 plate).
- 24 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the general
- 25 scholarship fund of the university whose name will be borne on the
- 26 plate).
- 27 (u) Independent Colleges:

- 1 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the Association of
2 Independent Kentucky Colleges and Universities for distribution to the
3 general scholarship funds of the Association's members).
- 4 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the Association of
5 Independent Kentucky Colleges and Universities for distribution to the
6 general scholarship funds of the Association's members).
- 7 (v) Child Victims:
- 8 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the child victims'
9 trust fund established under KRS 41.400).
- 10 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the child victims'
11 trust fund established under KRS 41.400).
- 12 (w) Kentucky Horse Council:
- 13 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the Kentucky
14 Horse Council).
- 15 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the Kentucky
16 Horse Council).
- 17 (x) Ducks Unlimited:
- 18 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to Kentucky Ducks
19 Unlimited).
- 20 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to Kentucky Ducks
21 Unlimited).
- 22 (y) Spay neuter:
- 23 1. Initial Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the animal control
24 and care fund established under KRS 258.119).
- 25 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the animal control
26 and care fund established under KRS 258.119).
- 27 (z) Gold Star Mothers, Gold Star Fathers, or Gold Star Spouses:

- 1 1. Initial Fee: \$0 (\$0 SF/\$0 CF/ \$0 EF).
- 2 2. Renewal Fee: \$0 (\$0 SF/\$0 CF/ \$0 EF).
- 3 3. A person may receive a maximum of two (2) plates under this paragraph
- 4 free of charge and may purchase additional plates for fees as established
- 5 in subsection (2)(d) of this section.

6 (aa) I Support Veterans:

- 7 1. Initial Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the Kentucky
- 8 Department of Veterans' Affairs).
- 9 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the Kentucky
- 10 Department of Veterans' Affairs).

11 (ab) Gold Star Siblings, Gold Star Sons, or Gold Star Daughters:

- 12 1. Initial Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the veterans'
- 13 program trust fund established under KRS 40.460).
- 14 2. Renewal Fee: \$23 (\$12 SF/\$6 CF/\$5 EF to the veterans'
- 15 program trust fund established under KRS 40.460).

16 (ac) POW/MIA Awareness:

- 17 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF to the veterans'
- 18 program trust fund established under KRS 40.460).
- 19 2. Renewal Fee: \$28 (\$12 SF/\$6 CF/\$10 EF to the veterans'
- 20 program trust fund established under KRS 40.460).

21 (ad) Special license plates established under KRS 186.164:

- 22 1. Initial Fee: \$41 (\$25 SF/\$6 CF/\$10 EF).
- 23 2. Renewal Fee: \$41 (\$25 SF/\$6 CF/\$10 EF).

- 24 (3) Any special license plate may be combined with a personalized license plate for a
- 25 twenty-five dollar (\$25) state fee in addition to all other fees for the particular
- 26 special license plate established in this section and in KRS 186.164(3). The twenty-
- 27 five dollar (\$25) fee required under this subsection shall be divided between the

1 cabinet and the county clerk of the county where the applicant is applying for the
 2 license plate with the cabinet receiving twenty dollars (\$20) and the county clerk
 3 receiving five dollars (\$5).

- 4 (4) (a) A sponsoring organization of any special license plate issued under this
 5 section or any special license plate established under the provisions of KRS
 6 186.164 may petition the cabinet for the production of that special license
 7 plate for motorcycles.
- 8 (b) The cabinet shall make all of the special military license plates in this section
 9 available for motorcycles owned or leased by eligible individuals.
- 10 (c) Owners and lessees of motorcycles registered under KRS 186.050(2) may be
 11 eligible to receive special license plates approved by the cabinet under
 12 paragraphs (a) and (b) of this subsection. Applicants for a special license plate
 13 for a motorcycle shall be required to pay the fee for a special plate as
 14 prescribed in this section or in KRS 186.164. The fee paid for the special plate
 15 for a motorcycle shall be in lieu of the registration fee required under KRS
 16 186.050(2).

17 **(5) The Transportation Cabinet shall:**

- 18 **(a) Identify the cost of issuing a child victims' trust fund special license plate**
 19 **under subsection (2)(v) of this section; and**
- 20 **(b) Transfer any revenue received from the initial or renewal SF fee that is in**
 21 **excess of the cost identified in paragraph (a) of this subsection to the child**
 22 **victims' trust fund established under KRS 41,400.**

23 ➔Section 36. KRS 68.200 is amended to read as follows:

24 (1) As used in this section, unless the context clearly indicates otherwise:

- 25 (a) **"Designated city" means a city on the registry maintained by the**
 26 **Department for Local Government under subsection (9) of this section;**
- 27 (b) **"Gross receipts" means the total consideration received for the charges**

1 *made to provide transportation network company services to a user,*
2 *including any charges for time or mileage, fees for using the services, and*
3 *any charges for any services necessary to complete the transaction made by*
4 *a transportation network company;*

5 (c) "Gross rental charge" has the same meaning as in KRS 138.462;

6 (d)~~(b)~~ "Motor vehicle" has the same meaning as "vehicle" as defined in KRS
7 186.010(8)(a);

8 (e)~~(c)~~ "Peer-to-peer car sharing" has the same meaning as in KRS 281.010;

9 (f)~~(d)~~ "Peer-to-peer car sharing program" has the same meaning as in KRS
10 281.010;

11 (g)~~(e)~~ "Peer-to-peer car sharing program agreement":

12 1. Means the terms and conditions applicable to a shared vehicle owner
13 and a shared vehicle driver that govern the use of a shared vehicle
14 through a peer-to-peer car sharing program; and

15 2. Does not include rental or lease agreements entered into with persons
16 operating under a U-Drive-It certificate as defined in KRS 281.010;

17 (h)~~(f)~~ "Shared vehicle driver" has the same meaning as in KRS 281.010;

18 (i)~~(g)~~ "Transportation network company" has the same meaning as in KRS
19 281.010;

20 (j)~~(h)~~ "Transportation network company service" has the same meaning as in
21 KRS 281.010; and

22 (k)~~(i)~~ "U-Drive-It" has the same meaning as in KRS 281.010.

23 (2) A county containing a designated city, consolidated local government, or urban-
24 county government may levy a license fee on a:

25 (a) U-Drive-It;

26 (b) Peer-to-peer car sharing program; and

27 (c) Transportation network company.

- 1 (3) The license fee shall not exceed three percent (3%) of the ~~gross rental charges~~
2 ~~from~~:
- 3 (a) **Gross rental charges from** rental agreements for periods of thirty (30) days or
4 less by a:
- 5 1. U-Drive-It; or
6 2. Peer-to-peer car sharing program; or
- 7 (b) **Gross receipts derived from** the provision of transportation network company
8 services by a transportation network company.
- 9 (4) The license fee shall not apply to a U-Drive-It who receives less than seventy-five
10 percent (75%) of its gross revenues generated in the county from gross rental
11 charges.
- 12 (5) Any license fee levied pursuant to this subsection shall be collected by a:
- 13 (a) U-Drive-It from the renters of the motor vehicles;
14 (b) Peer-to-peer car sharing program from the shared vehicle driver; and
15 (c) Transportation network company from the purchaser of the transportation
16 network company services.
- 17 (6) Revenues from rental of motor vehicles shall not be included in the gross rental
18 charges on which the license fee is based if:
- 19 (a) The declared gross weight of the motor vehicle exceeds eleven thousand
20 (11,000) pounds; or
21 (b) The rental is part of the services provided by a funeral director for a funeral.
- 22 (7) A fiscal court or the legislative body of an urban-county government shall provide
23 for collection of the license fee in the ordinance by which the license fee is levied.
24 The revenues shall be deposited in an account to be known as the motor vehicle
25 license fee account. The revenues may be shared among local governments
26 pursuant to KRS 65.210 to 65.300.
- 27 (8) The county shall use the proceeds of the license fee for economic development

1 activities. It shall distribute semiannually, by June 30 and December 31, all
 2 revenues not shared pursuant to KRS 65.210 to 65.300, to one (1) or more of the
 3 following entities if it has established, or contracted with, the entity for the purposes
 4 of economic development and is satisfied that the entity is promoting satisfactorily
 5 the county's economic development activities:

- 6 (a) A riverport authority established by the county pursuant to KRS 65.520; or
- 7 (b) An industrial development authority established by the county pursuant to
 8 KRS 154.50-316; or
- 9 (c) A nonprofit corporation as defined in KRS 273.161(4) which has been
 10 organized for the purpose of promoting economic development.

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

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

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

20 ➔Section 37. KRS 154.61-030 is amended to read as follows:

- 21 (1) An eligible company shall, at least thirty (30) days prior to incurring any
 22 expenditure for which recovery will be sought, file an application for tax incentives
 23 with the authority. The application shall include:
 - 24 (a) The name and address of the applicant;
 - 25 (b) Verification that the applicant is a Kentucky-based company;
 - 26 (c) The preliminary production script or a detailed synopsis of the script;
 - 27 (d) The locations where the filming or production will occur;

- 1 (e) The anticipated date on which filming or production shall begin in Kentucky;
- 2 (f) The anticipated date on which the applicant will complete incurring
3 expenditures in Kentucky;
- 4 (g) The total anticipated qualifying expenditures;
- 5 (h) The total anticipated qualifying payroll expenditures for resident and
6 nonresident above-the-line crew by county;
- 7 (i) The total anticipated qualifying payroll expenditures for resident and
8 nonresident below-the-line crew by county;
- 9 (j) The address of a Kentucky location at which records of the production will be
10 kept;
- 11 (k) An affirmation that if not for the incentive offered under this subchapter, the
12 eligible company would not film or produce the production in the
13 Commonwealth;~~and~~
- 14 (l) **Payment of the application fee as required under subsection (5) of this**
15 **section; and**
- 16 **(m)** Any other information the authority may require.
- 17 (2) The authority shall notify the eligible company within thirty (30) days after
18 receiving the application of its status.
- 19 (3) Upon receipt of the application, **the application fee**, and any additional information
20 submitted, the authority shall consider all submitted information and, if appropriate,
21 authorize the execution of a tax incentive agreement between the authority and the
22 approved company, if the amount of anticipated tax credit from the application
23 would not make the total tax credit approved for the calendar year exceed the
24 annual tax credit cap under KRS 154.61-020(4).
- 25 (4) The tax incentive agreement shall include the following provisions:
- 26 (a) The duties and responsibilities of the parties;
- 27 (b) A detailed description of the motion picture or entertainment production for

- 1 which incentives are requested;
- 2 (c) The anticipated qualifying expenditures and qualifying payroll expenditures
- 3 for resident and nonresident above-the-line and below-the-line crews by
- 4 county;
- 5 (d) The minimum combined total of qualifying expenditures and qualifying
- 6 payroll expenditures necessary for the approved company to qualify for
- 7 incentives;
- 8 (e) That the approved company shall:
- 9 1. Begin filming or production in Kentucky within six (6) months of
- 10 approval by the authority; and
- 11 2. Complete production in Kentucky within two (2) years of their
- 12 production start date;
- 13 (f) That the motion picture or entertainment production shall not include obscene
- 14 materials and shall not negatively impact the economy or the tourism industry
- 15 of the Commonwealth;
- 16 (g) That the execution of the agreement is not a guarantee of tax incentives and
- 17 that actual receipt of the incentives shall be contingent upon the approved
- 18 company meeting the requirements established by the tax incentive
- 19 agreement;
- 20 (h) That the approved company shall submit to the authority within one hundred
- 21 eighty (180) days of the completion of production in Kentucky for the motion
- 22 picture or entertainment production a detailed cost report of the qualifying
- 23 expenditures, qualifying payroll expenditures, and the latest version of the
- 24 production script at the time of cost report submission;
- 25 (i) That the approved company shall provide the authority with documentation
- 26 that the approved company or the associated loan-out entity has withheld
- 27 income tax as required by KRS 141.310 or the individual income tax rate

- 1 imposed by KRS 141.020 on all qualified payroll expenditures for which an
2 incentive under this subchapter is sought;
- 3 (j) That, if the authority determines that the approved company has failed to
4 comply with any of its obligations under the tax incentive agreement:
- 5 1. The authority may deny the incentives available to the approved
6 company;
 - 7 2. Both the authority and the Department of Revenue may pursue any
8 remedy provided under the tax incentive agreement;
 - 9 3. The authority may terminate the tax incentive agreement; and
 - 10 4. Both the authority and the Department of Revenue may pursue any other
11 remedy at law to which it may be entitled;
- 12 (k) That the authority and the Department of Revenue shall monitor the tax
13 incentive agreement;
- 14 (l) That the approved company shall provide to the authority and the Department
15 of Revenue all information necessary to monitor the tax incentive agreement;
- 16 (m) That the authority may share information with the Department of Revenue
17 and the Interim Joint Committee on Appropriations and Revenue or any other
18 entity the authority determines is necessary for the purposes of monitoring
19 and enforcing the terms of the tax incentive agreement;
- 20 (n) That the motion picture or entertainment production shall contain an
21 acknowledgment that the motion picture or entertainment production was
22 produced or filmed in the Commonwealth of Kentucky;
- 23 (o) That the approved company shall include screen credits in its final production,
24 indicating the approved company received tax incentives from the
25 Commonwealth of Kentucky;
- 26 (p) Terms of default;
- 27 (q) The method and procedures by which the approved company shall request and

- 1 receive the incentive provided under KRS 141.383 and 154.61-020;
- 2 (r) That the approved company shall~~[may be required to]~~ pay an administrative
- 3 fee as authorized under subsection (5) of this section; and
- 4 (s) Any other provisions deemed necessary or appropriate by the parties to the tax
- 5 incentive agreement.
- 6 (5) **(a) The authority shall require each eligible company to pay a nonrefundable**
- 7 **application fee with the submission of an application under subsection (1)**
- 8 **of this section. The amount of the fee shall not exceed two percent (2%) of**
- 9 **the estimated amount of tax incentive sought or two thousand dollars**
- 10 **(\$2,000), whichever is greater.**
- 11 **(b) The authority shall**~~[may]~~ require **each**~~[the]~~ approved company to pay **a**
- 12 **nonrefundable**~~[an]~~ administrative fee~~[, the amount of which shall be~~
- 13 ~~established by administrative regulation promulgated in accordance with KRS~~
- 14 ~~Chapter 13A]. The administrative fee shall not exceed~~~~[one half of]~~ one
- 15 percent **(1%)**~~[(0.5%)] of the estimated amount of tax incentive sought or **one**~~
- 16 **thousand dollars (\$1,000)**~~[five hundred dollars (\$500)]~~, whichever is greater.
- 17 (6) Prior to commencement of activity as provided in a tax incentive agreement, the tax
- 18 incentive agreement shall be approved by the authority. Following approval by the
- 19 authority, the tax incentive agreement shall be submitted to the Government
- 20 Contract Review Committee established by KRS 45A.705 for review, as provided
- 21 in KRS 45A.695, 45A.705, and 45A.725.
- 22 (7) The authority shall notify the Department of Revenue following approval of an
- 23 approved company. The notification shall include the name of the approved
- 24 company, the name of the motion picture or entertainment production, the estimated
- 25 amount of qualifying expenditures, the estimated date on which the approved
- 26 company will complete filming or production in Kentucky, and any other
- 27 information required by the department.

- 1 (8) Within one hundred eighty days (180) days of completion of production in
2 Kentucky for the motion picture or entertainment production, the approved
3 company shall submit to the authority a detailed cost report of:
- 4 (a) Qualifying expenditures;
 - 5 (b) Qualifying payroll expenditures for resident and nonresident above-the-line
6 crew by county;
 - 7 (c) Qualifying payroll expenditures for resident and nonresident below-the-line
8 crew by county; and
 - 9 (d) The latest version of the production script available at the time of cost report
10 submission.
- 11 (9) (a) Cabinet staff shall review all information submitted for accuracy and shall
12 confirm that all relevant provisions of the tax incentive agreement have been
13 met.
- 14 (b) Upon confirmation that all requirements of the tax incentive agreement have
15 been met, cabinet staff shall review the latest version of the production script
16 available at the time of cost report submission, and if they determine that the
17 motion picture or entertainment production does not:
 - 18 1. Contain visual or implied scenes that are obscene; or
 - 19 2. Negatively impact the economy or the tourism industry of the
20 Commonwealth;
- 21 the authority shall forward the detailed cost report to the Department of
22 Revenue for calculation of the refundable credit.
- 23 (10) The Department of Revenue shall:
- 24 (a) Verify that the approved company withheld the proper amount of income tax
25 on qualifying payroll expenditures; and
 - 26 (b) Notify the authority of the total amount of refundable credit available on
27 qualifying expenditures and qualifying payroll expenditures.

1 ➔SECTION 38. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO
2 READ AS FOLLOWS:

3 *To the extent permitted under federal law:*

4 *(1) The Department for Medicaid Services shall reimburse for Medicaid-covered*
5 *inpatient acute care provided on or after July 1, 2024, by an out-of-state*
6 *children's hospital located in a Metropolitan Statistical Area as defined by the*
7 *United States Office of Management and Budget, whose boundaries overlap*
8 *Kentucky and a bordering state, except Tennessee, at one hundred twenty percent*
9 *(120%) of the average operating rate and average capital rate paid to in-state*
10 *children's hospitals;*

11 *(2) An out-of-state hospital described in subsection (1) of this section shall not be*
12 *eligible to receive indirect medical education reimbursement, organ acquisition*
13 *cost settlements, or disproportionate share hospital payments; and*

14 *(3) Excluding services provided in a critical access hospital and laboratory services,*
15 *the department shall reimburse an out-of-state hospital for Medicaid-covered*
16 *outpatient hospital services delivered on or after July 1, 2024, at one hundred*
17 *twenty percent (120%) of the average in-state outpatient hospital cost-to-charge*
18 *ratio.*

19 ➔Section 39. If the Cabinet for Health and Family Services or the Department for
20 Medicaid Services determines that a state plan amendment, waiver, or any other form of
21 approval or authorization from a federal agency is necessary prior to the implementation
22 of Section 38 of this Act, the cabinet or department shall, within 90 days after the
23 effective date of this Act, request the state plan amendment, waiver, approval, or
24 authorization and shall only delay full implementation of those provisions for which a
25 state plan amendment, waiver, approval, or authorization was deemed necessary until the
26 state plan amendment, waiver, approval, or authorization is granted. The cabinet shall, in
27 accordance with KRS 205.525, provide a copy of any state plan amendment, waiver, or

1 other approval or authorization submitted pursuant to this section to the Interim Joint
2 Committee on Health Services and the Interim Joint Committee on Appropriations and
3 Revenue and shall provide an update on the status or any application submitted pursuant
4 to this section upon request.

5 ➔Section 40. **Outlier Audit Assistance Program:** Beginning with fiscal year
6 2018-2019, the Auditor of Public Accounts shall calculate the annual average cost of
7 audits conducted pursuant to KRS 43.070(1)(a)2. by audit type. Beginning with audits
8 billed during fiscal year 2019-2020 or thereafter, any such audit with a cost exceeding the
9 threshold of 150 percent of the average cost for its type in the preceding fiscal year shall
10 be deemed an outlier audit. If a county has paid the cost of the outlier audit up to the
11 amount of the threshold set out in this subsection, the county shall be eligible for a credit
12 from the Outlier Audit Assistance Program for audit costs that exceed the threshold. For
13 every audit qualifying for disbursement, the auditor shall provide a detailed report for the
14 reason for the outlier expense to the Interim Joint Committee on Appropriations and
15 Revenue by August 1 of each fiscal year.

16 ➔Section 41. **Revenue Replacement:** Notwithstanding KRS 43.070(3), during
17 the 2024-2026 fiscal biennium, counties shall bear one-half of the actual expense of
18 audits conducted pursuant to KRS 43.070(1)(a)2. and (2)(a).

19 ➔Section 42. **Authority to Sell:** Notwithstanding KRS 154.15-020, the Kentucky
20 Communications Network Authority shall have the authority to enter into contracts with
21 public and private entities to carry out its duties and responsibilities, which may include
22 the sale of all or portions of the Commonwealth's open-access broadband network known
23 as KentuckyWired. A contract or other agreement involving the acquisition or disposition
24 of a property interest by the Commonwealth shall be signed by the Secretary of the
25 Finance and Administration Cabinet. KRS Chapters 45A and 56 may require the
26 Secretary's signature on other contracts or agreements.

27 ➔Section 43. **Sale of Properties:** Notwithstanding KRS 45A.045(4), the Finance

1 and Administration Cabinet may sell, trade, or otherwise dispose of the three properties
2 used by the Education and Labor Cabinet located in the cities of Winchester, Morehead,
3 and Hazard at a selling price that is below the appraised value by July 1, 2025.
4 Notwithstanding KRS 45.777, up to \$3,000,000 of proceeds from the disposal of the
5 above-mentioned properties shall be used to reduce the Wagner-Peyser deficit.

6 →Section 44. **Kentucky Group Self-Insurance Guaranty Fund:**
7 Notwithstanding KRS 342.908(4), no assessments from the members of the Kentucky
8 Group Self-Insurance Guaranty Fund shall exceed an amount in excess of \$5,000,000 at
9 any given time. Notwithstanding KRS 342.908(4) and (5), the Board of Directors shall
10 raise assessments to a percentage of the premium for each member of the Kentucky
11 Group Self-Insurance Guaranty Fund sufficient to pay outstanding claims.

12 →Section 45. **Billing for Security Services:** Notwithstanding any statute to the
13 contrary, the Department of Kentucky State Police shall bill and accept payment from
14 nonstate-operated event sponsors for security services provided by the Department.

15 →Section 46. **Jailer Canteen Accounts:** Notwithstanding KRS 67.0802(6)(a),
16 any compensation resulting from the disposal of real or personal property that was
17 purchased from a canteen account under KRS 441.135 shall be returned to the canteen
18 account from which the real or personal property was originally purchased. All proceeds
19 resulting from the disposal of real or personal property purchased from a canteen account
20 shall be reported to the Interim Joint Committee on Appropriations and Revenue by
21 December 1 of each fiscal year.

22 →Section 47. **Administrative Fee on Infrastructure for Economic**
23 **Development Fund Projects:** A one-half of one percent administrative fee is authorized
24 to be paid to the Kentucky Infrastructure Authority for the administration of each project
25 funded by the Infrastructure for Economic Development Fund for Coal-Producing
26 Counties and the Infrastructure for Economic Development Fund for Tobacco Counties.
27 These administrative fees shall be paid, upon inception of the project, out of the fund

1 from which the project was allocated.

2 →Section 48. **Charges for Federal, State, and Local Audits:** Any additional
3 expenses incurred by the Auditor of Public Accounts for required audits of Federal Funds
4 shall be charged to the government or agency that is the subject of the audit. The Auditor
5 of Public Accounts receives General Fund appropriations for audits of the statewide
6 systems of personnel and payroll, cash and investments, revenue collection, and the state
7 accounting system. Any expenses incurred by the Auditor of Public Accounts for any
8 other audits shall be charged to the agency that is the subject of such audit. The Auditor
9 of Public Accounts shall maintain a record of all time and expenses for each audit or
10 investigation.

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

14 →Section 49. **Personnel Board Operating Assessment:** Each Agency of the
15 Executive Branch with employees covered by KRS Chapter 18A shall be assessed each
16 fiscal year the amount required for the operation of the Personnel Board. The agency
17 assessment shall be determined by the Secretary of the Finance and Administration
18 Cabinet based on the authorized full-time positions of each agency on July 1 of each year
19 of the biennium. The Secretary of the Finance and Administration Cabinet shall collect
20 the assessment.

21 →Section 50. **Water Withdrawal Fees:** The water withdrawal fees imposed by
22 the Kentucky River Authority shall not be subject to state and local taxes.
23 Notwithstanding KRS 151.710(10), Tier 1 water withdrawal fees shall be used to support
24 the operations of the Authority and for contractual services for water supply and quality
25 studies.

26 →Section 51. **Urgent Needs School Assistance:** If a school district receives an
27 allotment for an Urgent Needs School authorized in 2014 Ky. Acts ch. 117, Part I, A.,

1 28., (5), 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b), 2016 Ky. Acts ch. 149, Part I, A.,
2 28., (4) and (5), 2018 Ky. Acts ch. 169, Part I, A., 27., (3), or 2021 Ky. Acts ch. 169, Part
3 I, A., 28., (3), and subsequently, as a result of litigation or insurance, receives funds for
4 the original facility, the school district shall reimburse the Commonwealth an amount
5 equal to that received for such purposes. If the litigation or insurance receipts are less
6 than the amount received, the district shall reimburse the Commonwealth an amount
7 equal to that received as a result of litigation or insurance less the district's costs and
8 legal fees in securing the judgment or payment. Any funds received in this manner shall
9 be deposited in the General Fund.

10 ➔Section 52. **Premium and Retaliatory Taxes:** Notwithstanding KRS 304.17B-
11 021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and
12 retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the
13 General Fund.

14 ➔Section 53. **Monthly Per Employee Health Insurance Benefits Assessment:**
15 The Personnel Cabinet shall collect a benefits assessment per month per employee
16 eligible for health insurance coverage in the state group for duly authorized use by the
17 Personnel Cabinet in administering its statutory and administrative responsibilities,
18 including but not limited to administration of the Commonwealth's health insurance
19 program.

20 ➔Section 54. **Executive Branch Ethics Commission:** The Executive Branch
21 Ethics Commission may increase the amount of the registration fee provided under KRS
22 11A.211(6) for the purpose of funding a new online filing system.

23 ➔Section 55. Sections 10, 18, 19, & 20 of this Act take effect January 1, 2025.

24 ➔Section 56. Section 15 of this Act applies to the fiscal year 2023-2024
25 calculation of GF appropriations.

26 ➔Section 57. Sections 21 and 30 of this Act take effect August 1, 2024.

27 ➔Section 58. Sections 28 and 29 of this Act apply retroactively to property

1 assessed on or after January 1, 2023.

2 ➔Section 59. Sections 32, 33, and 34 of this Act take effect July 1, 2026.

3 ➔Section 60. Section 35 of this Act applies to fiscal years beginning or after July
4 1, 2020.

5 ➔Section 61. Sections 40 to 54 of this Act apply to the fiscal year beginning July
6 1, 2024, and ending June 30, 2025, and the fiscal year beginning July 1, 2025, and ending
7 June 30, 2026, and shall expire at the end of June 30, 2026.

8 ➔Section 62. Whereas fiscal matters are necessary in the growth and stability of
9 the Commonwealth's economy, an emergency is declared to exist, and Sections 15, 38,
10 39, 40 to 54, and 56 of this Act take effect upon its passage and approval by the Governor
11 or upon its otherwise becoming a law.