

1 AN ACT relating to sales and use taxes.

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

3 ➔Section 1. KRS 139.200 is amended to read as follows:

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

6 (1) Retail sales of:

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

9 (b) Digital property regardless of whether:

10 1. The purchaser has the right to permanently use the property;

11 2. The purchaser's right to access or retain the property is not permanent;
12 or

13 3. The purchaser's right of use is conditioned upon continued payment; and

14 (2) The furnishing of the following services:

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

22 (b) Sewer services;

23 (c) The sale of admissions, except:

24 1. Admissions to enter the grounds or enclosure of any track licensed
25 under KRS Chapter 230 at which live horse racing or historical horse
26 racing is being conducted under the jurisdiction of the Kentucky Horse
27 Racing and Gaming Corporation;

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

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

- 1 (z) Bodyguard services;
- 2 (aa) Residential and nonresidential security system monitoring services, excluding
3 separately stated onsite security guard services;
- 4 (ab) Private investigation services;
- 5 (ac) Process server services;
- 6 (ad) Repossession of tangible personal property services;
- 7 (ae) Personal background check services;
- 8 (af) Parking services;
- 9 1. Including:
- 10 a. Valet services; and
- 11 b. The use of parking lots and parking structures; but
- 12 2. Excluding any parking services at an educational institution;
- 13 (ag) Road and travel services provided by automobile clubs as defined in KRS
14 281.010;
- 15 (ah) Condominium time-share exchange services;
- 16 (ai) Rental of space for meetings, conventions, short-term business uses,
17 entertainment events, weddings, banquets, parties, and other short-term social
18 events;
- 19 (aj) Social event planning and coordination services;
- 20 (ak) ~~Leisure, recreational, and athletic instructional services;~~
- 21 ~~(al) Recreational camp tuition and fees;~~
- 22 ~~(am) Personal fitness training services;~~
- 23 (al)~~(an)~~ Massage services, except when medically necessary;
- 24 (am)~~(ao)~~ Cosmetic surgery services;
- 25 (an)~~(ap)~~ Body modification services, including tattooing, piercing, scarification,
26 branding, tongue splitting, transdermal and subdermal implants, ear pointing,
27 teeth pointing, and any other modifications that are not necessary for medical

1 or dental health;

2 ~~(ao)~~~~(ae)~~ Laboratory testing services, excluding laboratory testing:

3 1. For medical, educational, or veterinary reasons; or

4 2. Required by a federal, state, or local statute, regulation, court order, or
5 other government-related requirement;

6 ~~(ap)~~~~(ar)~~ Interior decorating and design services;

7 ~~(aq)~~~~(as)~~ Household moving services;

8 ~~(ar)~~~~(at)~~ Specialized design services, including the design of clothing, costumes,
9 fashion, furs, jewelry, shoes, textiles, and lighting;

10 ~~(as)~~~~(au)~~ Lapidary services, including cutting, polishing, and engraving precious
11 stones;

12 ~~(at)~~~~(av)~~ Labor and services to repair or maintain commercial refrigeration
13 equipment and systems when no tangible personal property is sold in that
14 transaction including service calls and trip charges;

15 ~~(au)~~~~(aw)~~ Labor to repair or alter apparel, footwear, watches, or jewelry when no
16 tangible personal property is sold in that transaction; and

17 ~~(av)~~~~(ax)~~ Prewritten computer software access services.

18 ➔Section 2. KRS 139.480 is amended to read as follows:

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

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

25 (2) Coal for the manufacture of electricity;

26 (3) (a) All energy or energy-producing fuels used in the course of manufacturing,
27 processing, mining, or refining and any related distribution, transmission, and

1 transportation services for this energy that are billed to the user, to the extent
2 that the cost of the energy or energy-producing fuels used, and related
3 distribution, transmission, and transportation services for this energy that are
4 billed to the user exceed three percent (3%) of the cost of production.

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

9 (c) A person who performs a manufacturing or industrial processing activity for a
10 fee and does not take ownership of the tangible personal property that is
11 incorporated into, or becomes the product of, the manufacturing or industrial
12 processing activity is a toller. For periods on or after July 1, 2018, the costs of
13 the tangible personal property shall be excluded from the toller's cost of
14 production at a plant facility with tolling operations in place as of July 1,
15 2018.

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

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

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

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

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

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

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

1 organization in order to collect, source separate, compress, bale, shred, or otherwise
2 handle waste materials if the machinery or equipment is primarily used for
3 recycling purposes;

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

7 (a) Feed and feed additives;

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

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

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

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

26 (a) Feed and feed additives;

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

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

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

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

8 (a) Feed and feed additives;

9 (b) Water;

10 (c) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
11 and

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

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

27 (a) Feed and feed additives;

- 1 (b) Insecticides, fungicides, herbicides, rodenticides, and other chemicals; and
- 2 (c) On-site facilities, including equipment, machinery, attachments, repair and
- 3 replacement parts, and any materials incorporated into the construction,
- 4 renovation, or repair of the facilities. In addition, the exemption shall apply
- 5 whether or not the seller is under contract to deliver, assemble, and
- 6 incorporate into real estate the equipment, machinery, attachments, repair and
- 7 replacement parts, and any materials incorporated into the construction,
- 8 renovation, or repair of the facilities;
- 9 (31) (a) Repair or replacement parts for the direct operation or maintenance of a motor
- 10 vehicle, including any towed unit, used exclusively in interstate commerce for
- 11 the conveyance of property or passengers for hire, provided the motor vehicle
- 12 is licensed for use on the highway and its declared gross vehicle weight with
- 13 any towed unit is forty-four thousand and one (44,001) pounds or greater.
- 14 Nominal intrastate use shall not subject the property to the taxes imposed by
- 15 this chapter; and
- 16 (b) Repair or replacement parts for the direct operation and maintenance of a
- 17 motor vehicle operating under a charter bus certificate issued by the
- 18 Transportation Cabinet under KRS Chapter 281, or under similar authority
- 19 granted by the United States Department of Transportation.
- 20 (c) For the purposes of this subsection, "repair or replacement parts" means tires,
- 21 brakes, engines, transmissions, drive trains, chassis, body parts, and their
- 22 components. "Repair or replacement parts" shall not include fuel, machine
- 23 oils, hydraulic fluid, brake fluid, grease, supplies, or accessories not essential
- 24 to the operation of the motor vehicle itself, except when sold as part of the
- 25 assembled unit, such as cigarette lighters, radios, lighting fixtures not
- 26 otherwise required by the manufacturer for operation of the vehicle, or tool or
- 27 utility boxes;

- 1 (32) Food donated by a retail food establishment or any other entity regulated under
2 KRS 217.127 to a nonprofit organization for distribution to the needy;
- 3 (33) Drugs and over-the-counter drugs, as defined in KRS 139.472, that are purchased
4 by a person regularly engaged in the business of farming and used in the treatment
5 of cattle, sheep, goats, swine, poultry, ratite birds, llamas, alpacas, buffalo, aquatic
6 organisms, or cervids;
- 7 (34) (a) Building materials, fixtures, or supplies purchased by a construction
8 contractor if:
- 9 1. Fulfilled by a construction contract for a sewer or water project with:
- 10 a. A municipally owned water utility organized under KRS Chapter
11 96;
- 12 b. A water district or water commission formed or organized under
13 KRS Chapter 74;
- 14 c. A sanitation district established under KRS Chapter 220 or formed
15 pursuant to KRS Chapter 65;
- 16 d. A nonprofit corporation created under KRS 58.180 to act on behalf
17 of a governmental agency in the acquisition and financing of
18 public projects;
- 19 e. Regional wastewater commissions formed under KRS Chapter
20 278;
- 21 f. A municipally owned joint sewer agency formed under KRS
22 Chapter 76; or
- 23 g. Any other governmental agency; and
- 24 2. The building materials, fixtures, or supplies:
- 25 a. Will be permanently incorporated into a structure or improvement
26 to real property, or will be completely consumed, in fulfilling a
27 construction contract for the purpose of furnishing water or sewer

1 services to the general public; and

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

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

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

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

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

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

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

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

- 1 (37) (a) Currency or bullion.
- 2 (b) As used in this subsection:
- 3 1. "Bullion":
- 4 a. Means bars, ingots, or coins, which are:
- 5 i. Made of gold, silver, platinum, palladium, or a combination
- 6 of these metals;
- 7 ii. Valued based on the content of the metal and not its form;
- 8 and
- 9 iii. Used, or have been used, as a medium of exchange, security,
- 10 or commodity by any state, the United States government, or
- 11 a foreign nation; and
- 12 b. Does not include medallions or coins that are incorporated into a
- 13 pendant or other jewelry; and
- 14 2. "Currency":
- 15 a. Means a coin or currency made of gold, silver, platinum,
- 16 palladium, or other metal or paper money that is or has been used
- 17 as legal tender and is sold based on its value as a collectible item
- 18 rather than the value as a medium of exchange; and
- 19 b. Does not include a coin or currency that has been incorporated into
- 20 jewelry;~~and~~
- 21 (38) Medicinal cannabis as defined in KRS 218B.010 when sold, used, stored, or
- 22 consumed in accordance with KRS Chapter 218B; **and**
- 23 **(39) Electricity used exclusively and directly to operate:**
- 24 **(a) On-farm grain or soybean drying facilities as defined in subsection (13) of**
- 25 **this section;**
- 26 **(b) On-farm poultry or livestock facilities as defined in subsection (14) of this**
- 27 **section;**

- 1 (c) On-farm ratite facilities as defined in subsection (23) of this section;
 2 (d) On-farm llama or alpaca facilities as defined in subsection (25) of this
 3 section;
 4 (e) On-farm buffalo facilities as defined in subsection (28) of this section;
 5 (f) On-farm aquatic organism facilities as defined in subsection (29) of this
 6 section;
 7 (g) On-farm dairy facilities;
 8 (h) Irrigation systems used in the production of crops by a person regularly
 9 engaged in the business of farming; or
 10 (i) Barns or other structures used to store crops or maintain equipment by a
 11 person regularly engaged in the business of farming.

12 ➔Section 3. KRS 139.010 is amended to read as follows:

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

- 14 (1) (a) "Admissions" means the fees paid for:
- 15 1. The right of entrance to a display, program, sporting event, music
 16 concert, performance, play, show, movie, exhibit, fair, or other
 17 entertainment or amusement event or venue; and
- 18 2. The privilege of using facilities or participating in an event or activity,
 19 including but not limited to:
- 20 a. Bowling centers;
- 21 b. Skating rinks;
- 22 c. Health spas;
- 23 d. Swimming pools;
- 24 e. Tennis courts;
- 25 f. Weight training facilities;
- 26 g. Fitness and recreational sports centers; and
- 27 h. Golf courses, both public and private;

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

4 (b) "Admissions" does not include:

- 5 1. Any fee paid to enter or participate in a fishing tournament; or
- 6 2. Any fee paid for the use of a boat ramp for the purpose of allowing
7 boats to be launched into or hauled out from the water;

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

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

16 (4) "Commonwealth" means the Commonwealth of Kentucky;

17 (5) (a) "Cosmetic surgery services" means modifications to all areas of the head,
18 neck, and body to enhance appearance through surgical and medical
19 techniques.

20 (b) "Cosmetic surgery services" does not include surgery services that are
21 medically necessary to reconstruct or correct dysfunctional areas of the face
22 and body due to birth disorders, trauma, burns, or disease;

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

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

27 (b) "Digital audio-visual works" includes movies, motion pictures, musical

1 videos, news and entertainment programs, and live events.

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

4 (8) (a) "Digital audio works" means works that result from the fixation of a series of
5 musical, spoken, or other sounds.

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

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

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

15 (b) "Digital books" shall not include digital audio-visual works, digital audio
16 works, periodicals, magazines, newspapers, or other news or information
17 products, chat rooms, or weblogs;

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

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

23 1. A stored monetary value that is deducted from a total as it is used by the
24 purchaser; or

25 2. A redeemable card, gift card, or gift certificate that entitles the holder to
26 select specific types of digital property;

27 (11) (a) "Digital property" means any of the following which is transferred

1 electronically:

2 1. Digital audio works;

3 2. Digital books;

4 3. Finished artwork;

5 4. Digital photographs;

6 5. Periodicals;

7 6. Newspapers;

8 7. Magazines;

9 8. Video greeting cards;

10 9. Audio greeting cards;

11 10. Video games;

12 11. Electronic games; or

13 12. Any digital code related to this property.

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

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

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

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

25 (13) "Directly used in the manufacturing or industrial processing process" means the
26 process that commences with the movement of raw materials from storage into a
27 continuous, unbroken, integrated process and ends when the finished product is

1 packaged and ready for sale;

2 (14) (a) "Executive employee recruitment services" means services provided by a
3 person to locate potential candidates to fill open senior-level management
4 positions.

5 (b) "Executive employee recruitment services" includes but is not limited to
6 making a detailed list of client requirements, researching and identifying
7 potential candidates, performing prescreening interviews, and providing
8 contract and salary negotiations;

9 (15) (a) "Extended warranty services" means services provided through a service
10 contract agreement between the contract provider and the purchaser where the
11 purchaser agrees to pay compensation for the contract and the provider agrees
12 to repair, replace, support, or maintain tangible personal property, digital
13 property, real property, or prewritten computer software access services
14 according to the terms of the contract.

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

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

22 (b) "Finished artwork" includes:

- 23 1. Assemblies;
- 24 2. Charts;
- 25 3. Designs;
- 26 4. Drawings;
- 27 5. Graphs;

- 1 6. Illustrative materials;
- 2 7. Lettering;
- 3 8. Mechanicals;
- 4 9. Paintings; and
- 5 10. Paste-ups;

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

- 11 1. The retailer's cost of the tangible personal property, digital property, or
12 services sold;
- 13 2. The cost of the materials used, labor or service cost, interest, losses, all
14 costs of transportation to the retailer, all taxes imposed on the retailer, or
15 any other expense of the retailer;
- 16 3. Charges by the retailer for any services necessary to complete the sale;
- 17 4. Delivery charges, which are defined as charges by the retailer for the
18 preparation and delivery to a location designated by the purchaser
19 including transportation, shipping, postage, handling, crating, and
20 packing;
- 21 5. Any amount for which credit is given to the purchaser by the retailer,
22 other than credit for tangible personal property or digital property traded
23 when the tangible personal property or digital property traded is of like
24 kind and character to the property purchased and the property traded is
25 held by the retailer for resale; and
- 26 6. The amount charged for labor or services rendered in installing or
27 applying the tangible personal property, digital property, or service sold.

1 (b) "Gross receipts" and "sales price" shall include consideration received by the
2 retailer from a third party if:

3 1. The retailer actually receives consideration from a third party and the
4 consideration is directly related to a price reduction or discount on the
5 sale to the purchaser;

6 2. The retailer has an obligation to pass the price reduction or discount
7 through to the purchaser;

8 3. The amount of consideration attributable to the sale is fixed and
9 determinable by the retailer at the time of the sale of the item to the
10 purchaser; and

11 4. One (1) of the following criteria is met:

12 a. The purchaser presents a coupon, certificate, or other
13 documentation to the retailer to claim a price reduction or discount
14 where the coupon, certificate, or documentation is authorized,
15 distributed, or granted by a third party with the understanding that
16 the third party will reimburse any seller to whom the coupon,
17 certificate, or documentation is presented;

18 b. The price reduction or discount is identified as a third-party price
19 reduction or discount on the invoice received by the purchaser or
20 on a coupon, certificate, or other documentation presented by the
21 purchaser; or

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

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

27 1. Discounts, including cash, term, or coupons that are not reimbursed by a

- 1 third party and that are allowed by a retailer and taken by a purchaser on
2 a sale;
- 3 2. Interest, financing, and carrying charges from credit extended on the
4 sale of tangible personal property, digital property, or services, if the
5 amount is separately stated on the invoice, bill of sale, or similar
6 document given to the purchaser;
- 7 3. Any taxes legally imposed directly on the purchaser that are separately
8 stated on the invoice, bill of sale, or similar document given to the
9 purchaser; or
- 10 4. Local alcohol regulatory license fees authorized under KRS 243.075 that
11 are separately stated on the invoice, bill of sale, or similar document
12 given to the purchaser.
- 13 (d) As used in this subsection, "third party" means a person other than the
14 purchaser;
- 15 (18) "In this state" or "in the state" means within the exterior limits of the
16 Commonwealth and includes all territory within these limits owned by or ceded to
17 the United States of America;
- 18 (19) "Industrial processing" includes:
- 19 (a) Refining;
- 20 (b) Extraction of minerals, ores, coal, clay, stone, petroleum, or natural gas;
- 21 (c) Mining, quarrying, fabricating, and industrial assembling;
- 22 (d) The processing and packaging of raw materials, in-process materials, and
23 finished products; and
- 24 (e) The processing and packaging of farm and dairy products for sale;
- 25 (20) (a) "Lease or rental" means any transfer of possession or control of tangible
26 personal property for a fixed or indeterminate term for consideration. A lease
27 or rental shall include future options to:

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

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

- 7 1. A transfer of possession or control of property under a security
- 8 agreement or deferred payment plan that requires the transfer of title
- 9 upon completion of the required payments;
- 10 2. A transfer of possession or control of property under an agreement that
- 11 requires the transfer of title upon completion of the required payments
- 12 and payment of an option price that does not exceed the greater of one
- 13 hundred dollars (\$100) or one percent (1%) of the total required
- 14 payments; or
- 15 3. Providing tangible personal property and an operator for the tangible
- 16 personal property for a fixed or indeterminate period of time. To qualify
- 17 for this exclusion, the operator must be necessary for the equipment to
- 18 perform as designed, and the operator must do more than maintain,
- 19 inspect, or setup the tangible personal property.

20 (c) This definition shall apply regardless of the classification of a transaction

21 under generally accepted accounting principles, the Internal Revenue Code, or

22 other provisions of federal, state, or local law;

23 (21) (a) "Lobbying services" means the act of promoting or securing passage of

24 legislation or an attempt to influence or sway a public official or other public

25 servant toward a desired action, including but not limited to the support of or

26 opposition to a project or the passage, amendment, defeat, approval, or veto of

27 any legislation, regulation, rule, or ordinance;

- 1 (b) "Lobbying services" includes but is not limited to the performance of
2 activities described as executive agency lobbying activities as defined in KRS
3 11A.201, activities described under the definition of lobby in KRS 6.611, and
4 any similar activities performed at the local, state, or federal levels;
- 5 (22) (a) "Machinery for new and expanded industry" means machinery:
- 6 1. Directly used in the manufacturing or industrial processing process of:
 - 7 a. Tangible personal property at a plant facility;
 - 8 b. Distilled spirits or wine at a plant facility or on the premises of a
9 distiller, rectifier, winery, or small farm winery licensed under
10 KRS 243.030 that includes a retail establishment on the premises;
11 or
 - 12 c. Malt beverages at a plant facility or on the premises of a brewer or
13 microbrewery licensed under KRS 243.040 that includes a retail
14 establishment;
 - 15 2. Which is incorporated for the first time into:
 - 16 a. A plant facility established in this state; or
 - 17 b. Licensed premises located in this state; and
 - 18 3. Which does not replace machinery in the plant facility or licensed
19 premises unless that machinery purchased to replace existing machinery:
 - 20 a. Increases the consumption of recycled materials at the plant
21 facility by not less than ten percent (10%);
 - 22 b. Performs different functions;
 - 23 c. Is used to manufacture a different product; or
 - 24 d. Has a greater productive capacity, as measured in units of
25 production, than the machinery being replaced.
- 26 (b) "Machinery for new and expanded industry" does not include repair,
27 replacement, or spare parts of any kind, regardless of whether the purchase of

1 repair, replacement, or spare parts is required by the manufacturer or seller as
2 a condition of sale or as a condition of warranty;

3 (23) "Manufacturing" means any process through which material having little or no
4 commercial value for its intended use before processing has appreciable
5 commercial value for its intended use after processing by the machinery;

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

11 (25) (a) "Marketplace provider" means a person, including any affiliate of the person,
12 that facilitates a retail sale by satisfying subparagraphs 1. and 2. of this
13 paragraph as follows:

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

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

- 1 c. Through terms and conditions, agreements, or arrangements with a
2 third party, collects payment in connection with a retail sale of
3 tangible personal property, digital property, or services from a
4 purchaser and transmits that payment to the marketplace retailer,
5 regardless of whether the person collecting and transmitting the
6 payment receives compensation or other consideration in exchange
7 for the service; or
- 8 d. Provides a virtual currency that purchasers are allowed or required
9 to use to purchase tangible personal property, digital property, or
10 services.
- 11 (b) "Marketplace provider" includes but is not limited to a person that satisfies the
12 requirements of this subsection through the ownership, operation, or control
13 of a digital distribution service, digital distribution platform, online portal, or
14 application store;
- 15 (26) "Marketplace retailer" means a seller that makes retail sales through any
16 marketplace owned, operated, or controlled by a marketplace provider;
- 17 (27) (a) "Occasional sale" includes:
- 18 1. A sale of tangible personal property or digital property not held or used
19 by a seller in the course of an activity for which he or she is required to
20 hold a seller's permit, provided such sale is not one (1) of a series of
21 sales sufficient in number, scope, and character to constitute an activity
22 requiring the holding of a seller's permit. In the case of the sale of the
23 entire, or a substantial portion of the nonretail assets of the seller, the
24 number of previous sales of similar assets shall be disregarded in
25 determining whether or not the current sale or sales shall qualify as an
26 occasional sale; or
- 27 2. Any transfer of all or substantially all the tangible personal property or

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

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

8 (28) (a) "Other direct mail" means any direct mail that is not advertising and
9 promotional direct mail, regardless of whether advertising and promotional
10 direct mail is included in the same mailing.

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

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

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

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

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

23 (29) "Person" includes any individual, firm, copartnership, joint venture, association,
24 social club, fraternal organization, corporation, estate, trust, business trust, receiver,
25 trustee, syndicate, cooperative, assignee, governmental unit or agency, or any other
26 group or combination acting as a unit;

27 (30) "Permanent," as the term applies to digital property, means perpetual or for an

1 indefinite or unspecified length of time;

2 (31) (a) "Photography and photofinishing services" means:

3 1. The taking, developing, or printing of an original photograph; or

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

9 (b) "Photography and photofinishing services" does not include photography
10 services necessary for medical or dental health;

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

18 (33) (a) "Prewritten computer software" means:

19 1. Computer software, including prewritten upgrades, that are not designed
20 and developed by the author or other creator to the specifications of a
21 specific purchaser;

22 2. Software designed and developed by the author or other creator to the
23 specifications of a specific purchaser when it is sold to a person other
24 than the original purchaser; or

25 3. Any portion of prewritten computer software that is modified or
26 enhanced in any manner, where the modification or enhancement is
27 designed and developed to the specifications of a specific purchaser,

1 unless there is a reasonable, separately stated charge on an invoice or
2 other statement of the price to the purchaser for the modification or
3 enhancement.

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

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

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

16 (35) (a) "Purchase" means any transfer of title or possession, exchange, barter, lease,
17 or rental, conditional or otherwise, in any manner or by any means
18 whatsoever, of:

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

24 (b) "Purchase" includes:

- 25 1. When performed outside this state or when the customer gives a resale
26 certificate, the producing, fabricating, processing, printing, or imprinting
27 of tangible personal property for a consideration for consumers who

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

1 paragraph (c) of this subsection;

- 2 3. Every person making more than two (2) retail sales of tangible personal
3 property, digital property, or services included in KRS 139.200 during
4 any twelve (12) month period, including sales made in the capacity of
5 assignee for the benefit of creditors, or receiver or trustee in bankruptcy;
- 6 4. Any person conducting a race meeting under the provision of KRS
7 Chapter 230, with respect to horses which are claimed during the
8 meeting.

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

- 18 (c) 1. Any person making sales at a charitable auction for a qualifying entity
19 shall not be a retailer for purposes of the sales made at the charitable
20 auction if:
- 21 a. The qualifying entity, not the person making sales at the auction, is
22 sponsoring the auction;
- 23 b. The purchaser of tangible personal property at the auction directly
24 pays the qualifying entity sponsoring the auction for the property
25 and not the person making the sales at the auction; and
- 26 c. The qualifying entity, not the person making sales at the auction, is
27 responsible for the collection, control, and disbursement of the

1 auction proceeds.

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

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

6 a. Church;

7 b. School;

8 c. Civic club; or

9 d. Any other nonprofit charitable, religious, or educational
10 organization;

11 (41) "Retail sale" means any sale, lease, or rental for any purpose other than resale,
12 sublease, or subrent;

13 (42) (a) "Ringtones" means digitized sound files that are downloaded onto a device
14 and that may be used to alert the customer with respect to a communication.

15 (b) "Ringtones" shall not include ringback tones or other digital files that are not
16 stored on the purchaser's communications device;

17 (43) (a) "Sale" means:

18 1. The furnishing of any services included in KRS 139.200;

19 2. Any transfer of title or possession, exchange, barter, lease, or rental,
20 conditional or otherwise, in any manner or by any means whatsoever,
21 of:

22 a. Tangible personal property; or

23 b. Digital property transferred electronically;

24 for a consideration.

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

26 1. The producing, fabricating, processing, printing, or imprinting of
27 tangible personal property or digital property for a consideration for

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

1 the senses and includes natural, artificial, and mixed gas, electricity, water, steam,
2 and prewritten computer software;

3 (47) "Taxpayer" means any person liable for tax under this chapter;

4 (48) "Telemarketing services" means services provided via telephone, facsimile,
5 electronic mail, text messages, or other modes of communications to another
6 person, which are unsolicited by that person, for the purposes of:

7 (a) 1. Promoting products or services;

8 2. Taking orders; or

9 3. Providing information or assistance regarding the products or services;

10 or

11 (b) Soliciting contributions;

12 (49) "Transferred electronically" means accessed or obtained by the purchaser by means
13 other than tangible storage media; and

14 (50) (a) "Use" includes the exercise of:

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

20 2. Any right or power to benefit from any services subject to tax under
21 KRS 139.200(2)(p) to (av)~~[(ax)]~~.

22 (b) "Use" does not include the keeping, retaining, or exercising any right or
23 power over:

24 1. Tangible personal property or digital property for the purpose of:

25 a. Selling tangible personal property or digital property in the regular
26 course of business; or

27 b. Subsequently transporting tangible personal property outside the

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

6 2. Prewritten computer software access services purchased for use outside
 7 the state and transferred electronically outside the state for use thereafter
 8 solely outside the state.

9 ➔Section 4. KRS 139.202 is amended to read as follows:

10 Excluded from the additional taxable services imposed by KRS 139.200(2)(q) to
 11 (av)~~(ax)~~ are gross receipts derived from:

- 12 (1) Sales of the services in fulfillment of a lump-sum, fixed-fee contract or a fixed price
 13 sales contract executed on or before February 25, 2022; and
 14 (2) A lease or rental agreement entered into on or before February 25, 2022.

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

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

- 21 (1) (a) Except as provided in paragraph (b) of this subsection, tangible personal
 22 property or digital property unless the person takes from the purchaser a
 23 certificate to the effect that the property is either:
 24 1. Purchased for resale according to the provisions of KRS 139.270;
 25 2. Purchased through a fully completed certificate of exemption or fully
 26 completed Streamlined Sales and Use Tax Agreement Certificate of
 27 Exemption in accordance with KRS 139.270; or

- 1 3. Purchased according to administrative regulations promulgated by the
2 department governing a direct pay authorization; or
- 3 (b) Tangible personal property to a purchaser claiming an agriculture exemption
4 under KRS 139.480(4) to (9), (11), (13) to (15), (23) to (30), or (33) unless the
5 person obtains from the purchaser an agriculture exemption license number or
6 a fully completed Streamlined Sales and Use Tax Agreement Certificate of
7 Exemption that contains an agriculture exemption license number in
8 accordance with KRS 139.270;
- 9 (2) A service included in KRS 139.200(2)(a) to (f) unless the person takes from the
10 purchaser a certificate to the effect that the service is purchased through a fully
11 completed certificate of exemption or fully completed Streamlined Sales and Use
12 Tax Agreement Certificate of Exemption in accordance with KRS 139.270; and
- 13 (3) A service included in KRS 139.200(2)(g) to (av)~~[(ax)]~~ unless the person takes from
14 the purchaser a certificate to the effect that the service is:
- 15 (a) Purchased for resale according to KRS 139.270;
- 16 (b) Purchased through a fully completed certificate of exemption or fully
17 completed Streamlined Sales and Use Tax Agreement Certificate of
18 Exemption in accordance with KRS 139.270; or
- 19 (c) Purchased according to administrative regulations promulgated by the
20 department governing a direct pay authorization.
- 21 ➔Section 6. KRS 139.310 is amended to read as follows:
- 22 (1) An excise tax is hereby imposed on the storage, use, or other consumption in this
23 state of tangible personal property, digital property, and services listed under KRS
24 139.200(2)(p) to (av)~~[(ax)]~~ purchased for storage, use, or other consumption in this
25 state at the rate of six percent (6%) of the sales price.
- 26 (2) The excise tax applies to the purchase of digital property regardless of whether:
- 27 (a) The purchaser has the right to permanently use the goods;

1 (b) The purchaser's right to access or retain the digital property is not permanent;
2 or

3 (c) The purchaser's right of use is conditioned upon continued payment.

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

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

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

13 (a) Any retailer maintaining, occupying, or using, permanently or temporarily,
14 directly or indirectly, or through a subsidiary or any other related entity,
15 representative, or agent, by whatever name called, an office, place of
16 distribution, sales or sample room or place, warehouse or storage place, or
17 other place of business. Property owned by a person who has contracted with
18 a printer for printing, which consists of the final printed product, property
19 which becomes a part of the final printed product, or copy from which the
20 printed product is produced, and which is located at the premises of the
21 printer, shall not be deemed to be an office, place of distribution, sales or
22 sample room or place, warehouse or storage place, or other place of business
23 maintained, occupied, or used by the person;

24 (b) Any retailer having any representative, agent, salesman, canvasser, or solicitor
25 operating in this state under the authority of the retailer or its subsidiary for
26 the purpose of selling, delivering, or the taking of orders for any tangible
27 personal property, digital property, or any services subject to tax under KRS

- 1 139.200(2)(p) to ~~(av)~~. An unrelated printer with which a person has
2 contracted for printing shall not be deemed to be a representative, agent,
3 salesman, canvasser, or solicitor for the person;
- 4 (c) Any retailer soliciting orders for tangible personal property, digital property,
5 or any services subject to tax under KRS 139.200(2)(p) to ~~(av)~~ from
6 residents of this state on a continuous, regular, or systematic basis in which
7 the solicitation of the order, placement of the order by the customer or the
8 payment for the order utilizes the services of any financial institution,
9 telecommunication system, radio or television station, cable television
10 service, print media, or other facility or service located in this state;
- 11 (d) Any retailer deriving receipts from the lease or rental of tangible personal
12 property situated in this state;
- 13 (e) Any retailer soliciting orders for tangible personal property, digital property,
14 or any services subject to tax under KRS 139.200(2)(p) to ~~(av)~~ from
15 residents of this state on a continuous, regular, systematic basis if the retailer
16 benefits from an agent or representative operating in this state under the
17 authority of the retailer to repair or service tangible personal property or
18 digital property sold by the retailer;
- 19 (f) Any retailer located outside Kentucky that uses a representative in Kentucky,
20 either full-time or part-time, if the representative performs any activities that
21 help establish or maintain a marketplace for the retailer, including receiving or
22 exchanging returned merchandise; or
- 23 (g) 1. Any remote retailer selling tangible personal property or digital property
24 delivered or transferred electronically to a purchaser in this state,
25 including retail sales facilitated by a marketplace provider on behalf of
26 the remote retailer, if:
- 27 a. The remote retailer sold tangible personal property or digital

1 property that was delivered or transferred electronically to a
2 purchaser in this state in two hundred (200) or more separate
3 transactions in the previous calendar year or the current calendar
4 year; or

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

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

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

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

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

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

23 (a) Nonreturnable and returnable containers when sold without the contents to
24 persons who place the contents in the container and sell the contents together
25 with the container; and

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

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

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

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

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

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

27 (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky

1 residents for use in heating, water heating, cooking, lighting, and other
2 residential uses if the sewer services, water, and fuel are purchased and
3 declared by the resident as used in his or her place of domicile.

4 (b) As used in this subsection:

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

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

11 (c) Determinations of eligibility for the exemption shall be made by the
12 department.

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

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

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

1 retailer maintains a file of the proof;

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

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

13 and which will be for sale.

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

- 16 1. Materials which enter into and become an ingredient or component part
17 of the manufactured product;
- 18 2. Other tangible personal property which is directly used in the
19 manufacturing or industrial processing process, if the property has a
20 useful life of less than one (1) year. Specifically, these items are
21 categorized as follows:
 - 22 a. Materials. This refers to the raw materials which become an
23 ingredient or component part of supplies or industrial tools exempt
24 under subdivisions b. and c. below;
 - 25 b. Supplies. This category includes supplies such as lubricating and
26 compounding oils, grease, machine waste, abrasives, chemicals,
27 solvents, fluxes, anodes, filtering materials, fire brick, catalysts,

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

1 facilities using water from the Kentucky River basin to the Kentucky River
2 Authority in accordance with KRS 151.700 to 151.730 and administrative
3 regulations promulgated by the authority;

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

11 (a) As used in this subsection:

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

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

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

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

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

- 1 (a) As used in this subsection, "metal retail fixtures" means check stands and
2 belted and nonbelted checkout counters, whether made in bulk or pursuant to
3 specific purchaser specifications, that are to be used directly by the purchaser
4 or to be distributed by the purchaser.
- 5 (b) The retailer shall be responsible for establishing that delivery was made to a
6 non-Kentucky location through shipping documents or other credible
7 evidence as determined by the department;
- 8 (14) Gross receipts from the sale of unenriched or enriched uranium purchased for
9 ultimate storage, use, or other consumption outside this state and delivered to a
10 common carrier in this state for delivery outside this state, regardless of whether the
11 carrier is selected by the purchaser or retailer, or is an agent or representative of the
12 purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or
13 purchaser's destination;
- 14 (15) Amounts received from a tobacco buydown. As used in this subsection, "buydown"
15 means an agreement whereby an amount, whether paid in money, credit, or
16 otherwise, is received by a retailer from a manufacturer or wholesaler based upon
17 the quantity and unit price of tobacco products sold at retail that requires the retailer
18 to reduce the selling price of the product to the purchaser without the use of a
19 manufacturer's or wholesaler's coupon or redemption certificate;
- 20 (16) Gross receipts from the sale of tangible personal property or digital property
21 returned by a purchaser when the full sales price is refunded either in cash or credit.
22 This exclusion shall not apply if the purchaser, in order to obtain the refund, is
23 required to purchase other tangible personal property or digital property at a price
24 greater than the amount charged for the property that is returned;
- 25 (17) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS
26 Chapter 138;
- 27 (18) The amount of any tax imposed by the United States upon or with respect to retail

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

1 microbrewery licensed under KRS 243.040;
2 that is not otherwise exempt under subsection (9) of this section or KRS
3 139.480(10), if the charges for labor or services are separately stated on the invoice,
4 bill of sale, or similar document given to purchaser;

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

10 1. All gross receipts over twelve thousand dollars (\$12,000) are taxable in
11 that calendar year; and

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

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

16 (24) (a) For persons that first begin making sales of services included in KRS
17 139.200(2)(g) to ~~(av)~~~~(ax)~~ on or after January 1, 2025, gross receipts derived
18 from the sale of those services if the gross receipts are less than twelve
19 thousand dollars (\$12,000) within the first calendar year of operation. When
20 gross receipts from these services exceed twelve thousand dollars (\$12,000) in
21 a calendar year:

22 1. All gross receipts over twelve thousand dollars (\$12,000) are taxable in
23 that calendar year; and

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

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

1 ➔Section 9. This Act takes effect July 1, 2025.