

1 AN ACT relating to a sales and use tax holiday.

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

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

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

6 *(a) "Clothing" means all human wearing apparel suitable for general use:*

7 *1. "Clothing" includes but is not limited to:*

8 *a. Aprons, household and shop;*

9 *b. Athletic supporters;*

10 *c. Bathing suits and caps and beach capes and coats;*

11 *d. Belts and suspenders;*

12 *e. Boots, overshoes, shoes, steel-toed shoes, sandals, slippers,*  
13 *sneakers, and shoelaces and insoles for shoes;*

14 *f. Coats and jackets;*

15 *g. Costumes;*

16 *h. Disposable and cloth diapers for children or adults and rubber*  
17 *pants;*

18 *i. Formal wear;*

19 *j. Garters, garter belts, and girdles;*

20 *k. Gloves and mittens for general use;*

21 *l. Hats, caps, ear muffs, and scarves;*

22 *m. Hosiery, pantyhose, socks, footlets, and stockings;*

23 *n. Lab coats;*

24 *o. Neckties;*

25 *p. Rainwear;*

26 *q. Underwear;*

27 *r. Uniforms, athletic and nonathletic; and*

- 1                    s. *Wedding apparel.*
- 2                    2. *"Clothing" does not include:*
- 3                    a. *Belt buckles sold separately;*
- 4                    b. *Costume masks sold separately;*
- 5                    c. *Patches and emblems sold separately;*
- 6                    d. *Sewing equipment and supplies, including but not limited to*
- 7                    *knitting needles, patterns, pins, scissors, sewing needles, tape*
- 8                    *measures, and thimbles; and*
- 9                    e. *Sewing materials that become part of "clothing," including but*
- 10                   *not limited to buttons, fabric, lace, thread, yarn, and zippers;*
- 11                   (b) 1. *"Clothing accessories or equipment" means items worn on the person*
- 12                   *or in conjunction with clothing and is mutually exclusive of apparel*
- 13                   *within the definitions of "clothing," "protective equipment," and*
- 14                   *"sport or recreational equipment."*
- 15                   2. *"Clothing accessories or equipment" includes but is not limited to:*
- 16                   a. *Briefcases;*
- 17                   b. *Cosmetics;*
- 18                   c. *Hair notions, including but not limited to barrettes, hair bows,*
- 19                   *and hair nets;*
- 20                   d. *Handbags;*
- 21                   e. *Jewelry;*
- 22                   f. *Nonprescription sunglasses;*
- 23                   g. *Umbrellas;*
- 24                   h. *Wallets;*
- 25                   i. *Watches; and*
- 26                   j. *Wigs and hair pieces;*
- 27                   (c) *"Computer" means an electronic device that accepts information in digital*

1 or similar form and manipulates it for a result based on a sequence of  
2 instructions;

3 (d) "Eligible property" means any item of a type that qualifies for a sales tax  
4 holiday exemption;

5 (e) "Layaway sale" means a transaction in which property is set aside for  
6 future delivery to a customer who makes a deposit, agrees to pay the  
7 balance of the purchase price over a period of time, and, at the end of the  
8 payment period, receives the property. An order is accepted for layaway by  
9 the seller when the seller removes the property from normal inventory or  
10 clearly identifies the property as sold to the purchaser;

11 (f) "Menstrual discharge collection devices" means tampons, panty liners,  
12 menstrual cups, pads, and other similar tangible personal property designed  
13 for use in connection with the human menstrual cycle, but does not include  
14 "grooming and hygiene products" as defined in KRS 139.472;

15 (g) 1. "Protective equipment" means items for human wear that are  
16 designed to protect the wearer or other persons against injury or  
17 disease or to protect property from damage but is not suitable for  
18 general use. "Protective equipment" is mutually exclusive of apparel  
19 within the definition of "clothing," "clothing accessories or  
20 equipment," and "sport or recreational equipment."

21 2. "Protective equipment" includes but is not limited to:

22 a. Breathing masks;

23 b. Clean room apparel and equipment;

24 c. Ear and hearing protectors;

25 d. Face shields;

26 e. Hard hats and helmets;

27 f. Paint or dust respirators;

- 1                    g. Protective gloves;
- 2                    h. Safety glasses and goggles;
- 3                    i. Safety belts;
- 4                    j. Tool belts; and
- 5                    k. Welder's gloves and masks;
- 6                    (h) "Purchase" has the same meaning as in KRS 139.010, excluding lease or
- 7                    rental as defined in KRS 139.010;
- 8                    (i) "Rain check" means the seller allows a customer to purchase an item at a
- 9                    certain price at a later time because the particular item was out of stock;
- 10                   (j) "Sale" has the same meaning as in KRS 139.010, excluding lease or rental
- 11                   as defined in KRS 139.010;
- 12                   (k) "Sales tax holiday" means the period beginning 12:01 a.m. on the first
- 13                   Friday in August and ending at 12 midnight the following Sunday each
- 14                   year;
- 15                   (l) "School art supplies" means and is limited to:
- 16                   1. The following paints:
- 17                   a. Acrylic;
- 18                   b. Tempera; and
- 19                   c. Oil;
- 20                   2. Clay and glazes;
- 21                   3. Paintbrushes for artwork;
- 22                   4. Sketch pads and drawing pads; and
- 23                   5. Watercolors;
- 24                   (m) "School computer supplies" means and is limited to:
- 25                   1. Computer storage media, including diskettes and compact disks;
- 26                   2. Handheld electronic schedulers, except devices that are cellular
- 27                   phones;

- 1           3. Computer printers; and  
2           4. Printer supplies for computers, including printer paper and printer  
3           ink;

4           (n) "School supplies" means and is limited to:

- 5           1. Binders;  
6           2. Book bags;  
7           3. Calculators;  
8           4. Cellophane tape;  
9           5. Blackboard chalk;  
10          6. Compasses, protractors, and rulers;  
11          7. Composition books, legal pads, writing tablets, and notebooks;  
12          8. Crayons, pens, pencils, and erasers;  
13          9. Pencil sharpeners, pencil boxes, and school supply boxes;  
14          10. Highlighters and markers;  
15          11. Glue, paste, and paste sticks;  
16          12. Index cards and index card boxes;  
17          13. Folders, whether expandable, pocket, plastic, or manila;  
18          14. Lunch boxes;  
19          15. Scissors; and  
20          16. Writing paper, loose-leaf ruled notebook paper, copy paper, graph  
21          paper, tracing paper, manila paper, colored paper, poster board, and  
22          construction paper; and

23          (o) 1. "Sport or recreational equipment" means items that are designed for  
24          human use and worn in conjunction with an athletic or recreational  
25          activity and that are not suitable for general use. "Sport and  
26          recreational equipment" are mutually exclusive of apparel within the  
27          definition of "clothing," "clothing accessories or equipment," and

1 "protective equipment."

2 2. "Sport and recreation equipment" includes but is not limited to:

3 a. Ballet and tap shoes;

4 b. Cleated or spiked athletic shoes;

5 c. Gloves, including but not limited to baseball, bowling, boxing,  
6 hockey, and golf;

7 d. Goggles;

8 e. Hand and elbow guards;

9 f. Life preservers and vests;

10 g. Mouth guards;

11 h. Roller and ice skates;

12 i. Shin guards;

13 j. Shoulder pads;

14 k. Ski boots;

15 l. Waders; and

16 m. Wetsuits and fins.

17 (2) Notwithstanding any other provision of this chapter to the contrary, the taxes  
18 imposed by this chapter shall not apply to the sale or purchase of the following  
19 during a sales tax holiday:

20 (a) Clothing with a sales price of less than one hundred dollars (\$100) per item;

21 (b) School supplies;

22 (c) School art supplies;

23 (d) Computers with a sales price of less than one thousand five hundred dollars  
24 (\$1,500) per item;

25 (e) School computer supplies with a sales price of less than five hundred  
26 dollars (\$500) per item; and

27 (f) Menstrual discharge collection devices.

1 (3) The clothing exemption provided in subsection (2)(a) of this section shall not  
2 include:

3 (a) Clothing accessories or equipment;

4 (b) Protective equipment; or

5 (c) Sport or recreational equipment.

6 (4) The exemption provided in this section shall be subject to the following  
7 provisions:

8 (a) The sale of eligible property shall qualify for exemption if:

9 1. The property is both delivered to and paid for by the purchaser during  
10 the sales tax holiday exemption period; or

11 2. The purchaser orders and pays for the eligible property, and the seller  
12 accepts the order, during the sales tax holiday for immediate  
13 shipment, even if delivery is made after the sales tax holiday. The  
14 seller accepts the order when the seller has taken action to fill the  
15 order for immediate shipment. Actions to fill an order include  
16 placement of an "in date" stamp on a mail order or assignment of an  
17 "order number" to an order submitted by telephone or electronically.  
18 An order is for immediate shipment when the customer does not  
19 request delayed shipment. An order is for immediate shipment,  
20 notwithstanding that the shipment may be delayed because of a  
21 backlog of orders or because stock is currently unavailable to, or on  
22 back order by, the seller;

23 (b) A sale of eligible property under a layaway sale qualifies for exemption  
24 under this section if:

25 1. Final payment on a layaway order is made by, and the eligible  
26 property is given to, the purchaser during the sales tax holiday; or

27 2. The purchaser selects the eligible property, and the retailer accepts the

1 order for the property, during the sales tax holiday, for immediate  
2 delivery upon full payment, even if delivery is made after the sales tax  
3 holiday;

4 (c) 1. A discount by the seller reduces the sales price of the property and the  
5 discounted sales price determines whether the sales price is within the  
6 sales tax holiday price threshold.

7 2. A coupon that reduces the sales price is treated as a discount if the  
8 seller is not reimbursed for the coupon amount by a person other than  
9 the purchaser.

10 3. If a discount applies to the total amount paid by a purchaser, rather  
11 than to the sales price of a particular item, and the purchaser has  
12 purchased both eligible property and taxable property, the seller shall  
13 allocate the discount based on the total sales price of the taxable  
14 property compared to the total sales price of all property sold in that  
15 same transaction;

16 (d) Articles that are normally sold as a single unit shall continue to be sold in  
17 that manner. Articles that are normally sold as a single unit, such as a pair  
18 of shoes, shall not be priced and sold separately in order to obtain the  
19 exemption;

20 (e) Eligible property purchased with the use of a rain check during the sales tax  
21 holiday shall qualify for the exemption regardless of when the rain check  
22 was issued. Issuance of a rain check during the sales tax holiday shall not  
23 qualify the eligible property for the exemption if the property is actually  
24 purchased after the sales tax holiday;

25 (f) The procedure for an exchange of eligible property shall be as follows:

26 1. If an item of eligible property is purchased during the sales tax  
27 holiday, but the purchaser later exchanges the item for similar eligible



1           property, even if a different size, different color, or other feature, no  
2           additional tax is due, even if the exchange is made after the sales tax  
3           holiday;

4           2. If an item of eligible property is purchased during the sales tax  
5           holiday, but the purchaser returns the item and receives credit on the  
6           purchase of a different item, the appropriate sales tax is due on the  
7           sale of the newly purchased item if not otherwise exempt under this  
8           chapter; and

9           3. If an item of eligible property is purchased during the sales tax  
10           holiday, but during the sales tax holiday the purchaser returns the  
11           item and receives credit on the purchase of a different item of eligible  
12           property, no sales tax is due on the sale of the new item if the new item  
13           is purchased during the sales tax holiday;

14           (g) Delivery charges as defined in KRS 139.010 shall be included in the sales  
15           price of eligible property. For purposes of determining a sales tax holiday  
16           price threshold, if all property in a shipment is eligible property and within  
17           the sales tax holiday price threshold, then the seller is not required to  
18           allocate the delivery charges to determine whether the price threshold is  
19           exceeded, and the shipment shall be considered a sale of eligible property. If  
20           a shipment includes eligible property and taxable property, including  
21           eligible property with a sales price in excess of the price threshold, the seller  
22           shall allocate the delivery charges by using:

23           1. A percentage based on the total sales price of the taxable property  
24           compared to the total sales price of all property in the shipment; or

25           2. A percentage based on the total weight of the taxable property  
26           compared to the total weight of all property in the shipment. The seller  
27           shall tax the percentage of the delivery charge allocated to the taxable

1 property, but the seller is not required to tax the percentage allocated  
2 to the eligible property;

3 (h) 1. If, within sixty (60) days immediately following the sales tax holiday, a  
4 purchaser returns an item to the seller that would have qualified as  
5 exempt eligible property if purchased during the sales tax holiday, the  
6 seller may issue a credit or refund of the tax paid only if:

7 a. The purchaser provides to the seller a receipt or invoice  
8 indicating that the tax was paid; or

9 b. The seller has sufficient documentation that indicates that sales  
10 tax was paid on the specific returned item.

11 2. The sixty (60) day time period is not intended to change a seller's  
12 policy on the time period during which the seller will accept returns;  
13 and

14 (i) If the purchaser and the seller are located in different time zones, the time  
15 zone of the seller's location determines the authorized time period  
16 applicable to the sales tax holiday.

17 ➔Section 2. Whereas Kentucky is a full member state of the Streamlined Sales  
18 and Use Tax Agreement, a multistate agreement providing for simplification of the  
19 nation's varying sales tax laws, and whereas Kentucky is required by the agreement to  
20 provide notification to both sellers and purchasers located within and without Kentucky  
21 of the implementation of a sales tax holiday exemption period at least 60 days prior to the  
22 first day of the calendar month in which the exemption period will begin, an emergency  
23 is declared to exist, and this Act takes effect May 1, 2025.