

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) "Eligible property" means any item of a type that qualifies for a sales tax*
7 *holiday exemption;*

8 *(b) 1. "Firearm safety device" means a device to be equipped or installed on*
9 *a firearm designed to prevent unauthorized access to the firearm or to*
10 *prevent it from being operated without first deactivating the device.*

11 *2. "Firearm safety device" does not include a device that has been*
12 *equipped or installed on a firearm designed to prevent unauthorized*
13 *access to the firearm or to prevent it from being operated without first*
14 *deactivating the device if the device is already installed on and sold*
15 *with the firearm;*

16 *(c) "Firearm storage device" means a container or enclosure designed for the*
17 *principal purpose of safely storing a firearm and secured by a combination*
18 *lock, key lock, or lock based on biometric information which, once locked is*
19 *incapable of being opened without the combination, key, or biometric*
20 *information, respectively;*

21 *(d) "Layaway sale" means a transaction in which property is set aside for*
22 *future delivery to a customer who makes a deposit, agrees to pay the*
23 *balance of the purchase price over a period of time, and, at the end of the*
24 *payment period, receives the property. An order is accepted for layaway by*
25 *the seller when the seller removes the property from normal inventory or*
26 *clearly identifies the property as sold to the purchaser;*

27 *(e) "Purchase" has the same meaning as in KRS 139.010, excluding lease or*

1 rental as defined in KRS 139.010;

2 (f) "Rain check" means the seller allows a customer to purchase an item at a
3 certain price at a later time because the particular item was out of stock;

4 (g) "Sale" has the same meaning as in KRS 139.010, excluding lease or rental
5 as defined in KRS 139.010; and

6 (h) "Sales tax holiday" means the period beginning 12:01 a.m. April 5 and
7 ending at 12 midnight April 15 of each year.

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

11 (a) Firearm safety devices; and

12 (b) Firearm storage devices.

13 (3) The exemption provided in this section shall be subject to the following
14 provisions:

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

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

18 2. The purchaser orders and pays for the eligible property, and the seller
19 accepts the order, during the sales tax holiday for immediate
20 shipment, even if delivery is made after the sales tax holiday. The
21 seller accepts the order when the seller has taken action to fill the
22 order for immediate shipment. Actions to fill an order include
23 placement of an "in date" stamp on a mail order or assignment of an
24 "order number" to an order submitted by telephone or electronically.
25 An order is for immediate shipment when the customer does not
26 request delayed shipment. An order is for immediate shipment,
27 notwithstanding that the shipment may be delayed because of a

1 backlog of orders or because stock is currently unavailable to, or on
2 back order by, the seller;

3 **(b) A sale of eligible property under a layaway sale qualifies for exemption**
4 **under this section if:**

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

7 **2. The purchaser selects the eligible property, and the retailer accepts the**
8 **order for the property, during the sales tax holiday, for immediate**
9 **delivery upon full payment, even if delivery is made after the sales tax**
10 **holiday;**

11 **(c) 1. A discount by the seller reduces the sales price of the property and the**
12 **discounted sales price determines whether the sales price is within the**
13 **sales tax holiday price threshold.**

14 **2. A coupon that reduces the sales price is treated as a discount if the**
15 **seller is not reimbursed for the coupon amount by a person other than**
16 **the purchaser.**

17 **3. If a discount applies to the total amount paid by a purchaser, rather**
18 **than to the sales price of a particular item, and the purchaser has**
19 **purchased both eligible property and taxable property, the seller shall**
20 **allocate the discount based on the total sales price of the taxable**
21 **property compared to the total sales price of all property sold in that**
22 **same transaction;**

23 **(d) Articles that are normally sold as a single unit shall continue to be sold in**
24 **that manner. Articles that are normally sold as a single unit, such as a pair**
25 **of shoes, shall not be priced and sold separately in order to obtain the**
26 **exemption;**

27 **(e) Eligible property purchased with the use of a rain check during the sales tax**

1 holiday shall qualify for the exemption regardless of when the rain check
2 was issued. Issuance of a rain check during the sales tax holiday shall not
3 qualify the eligible property for the exemption if the property is actually
4 purchased after the sales tax holiday;

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

6 1. If an item of eligible property is purchased during the sales tax
7 holiday, but the purchaser later exchanges the item for similar eligible
8 property, even if a different size, different color, or other feature, no
9 additional tax is due, even if the exchange is made after the sales tax
10 holiday;

11 2. If an item of eligible property is purchased during the sales tax
12 holiday, but the purchaser returns the item and receives credit on the
13 purchase of a different item, the appropriate sales tax is due on the
14 sale of the newly purchased item if not otherwise exempt under this
15 chapter; and

16 3. If an item of eligible property is purchased during the sales tax
17 holiday, but during the sales tax holiday the purchaser returns the
18 item and receives credit on the purchase of a different item of eligible
19 property, no sales tax is due on the sale of the new item if the new item
20 is purchased during the sales tax holiday;

21 (g) Delivery charges as defined in KRS 139.010 shall be included in the sales
22 price of eligible property. For purposes of determining a sales tax holiday
23 price threshold, if all property in a shipment is eligible property and within
24 the sales tax holiday price threshold, then the seller is not required to
25 allocate the delivery charges to determine whether the price threshold is
26 exceeded, and the shipment shall be considered a sale of eligible property. If
27 a shipment includes eligible property and taxable property, including

1 eligible property with a sales price in excess of the price threshold, the seller
2 shall allocate the delivery charges by using:

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

5 2. A percentage based on the total weight of the taxable property
6 compared to the total weight of all property in the shipment. The seller
7 shall tax the percentage of the delivery charge allocated to the taxable
8 property, but the seller is not required to tax the percentage allocated
9 to the eligible property;

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

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

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

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

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

24 ➔Section 2. This Act takes effect July 1, 2025.