

1 AN ACT relating to an exemption from sales and use tax for religious institutions.

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

3 ➔Section 1. KRS 139.495 is amended to read as follows:

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

7 1.(a) A resident[,] nonprofit educational or[,] charitable[, or religious]
8 institution that has~~institutions which have~~ qualified for exemption
9 from income taxation under Section 501(c)(3) of the Internal Revenue
10 Code; or~~and~~

11 **2.[(b)]** Any resident, single member limited liability company that is:

12 a.1. Wholly owned and controlled by a resident or nonresident,
13 nonprofit educational or, charitable~~, or religious~~ institution
14 that~~which~~ has qualified for exemption from income taxation
15 under Section 501(c)(3) of the Internal Revenue Code; and

16 b.{2.} Disregarded as an entity separate from the resident or nonresident,
17 nonprofit educational or{,} charitable{, or religious} institution for
18 federal income tax purposes pursuant to 26 C.F.R. sec. 301.7701-
19 2; **and**

20 (b) "Religious institution" means:

21 1. A resident nonprofit religious institution that has qualified for
22 exemption from income taxation under Section 501(c)(3) of the
23 Internal Revenue Code; or

24 2. Any resident, single member limited liability company that is:

25 a. Wholly owned and controlled by a resident or nonresident,
26 nonprofit religious institution that has qualified for exemption
27 from income taxation under Section 501(c)(3) of the Internal

Revenue Code; and

b. Disregarded as an entity separate from the resident or nonresident, nonprofit religious institution for federal income tax purposes pursuant to 26 C.F.R. sec. 301.7701-2.

5 ~~[as provided in this section.]~~

6 (2) (a) For educational or charitable institutions, except as provided in paragraph
7 (b) of this subsection, the taxes imposed by this chapter do~~Tax~~ does not
8 apply to any of the following:

1. Purchases[Sales] of tangible personal property, digital property, or services made by[to] these institutions[~~or limited liability companies described in subsection (1) of this section~~], provided the tangible personal property, digital property, or service is to be used solely in this state within the educational or[,] charitable[,~~or religious~~] function;
2. Sales of food to students in school cafeterias or lunchrooms;
3. Sales by school bookstores of textbooks, workbooks, and other course materials;
4. Sales by nonprofit, school sponsored clubs and organizations, provided the[such] sales do not include tickets for athletic events;
5. Sales of admissions, including the sales of admissions to a golf course when the admission is the result of a fundraising event, by[~~nonprofit~~] educational or[,] charitable[,~~or religious~~] institutions[~~described in subsection (1) of this section~~]. All other sales of admissions to a golf course by these institutions are not exempt from tax under this section; or
6. a. Fundraising event sales made by [~~nonprofit~~]educational or[,] charitable[,~~or religious~~] institutions[~~and limited liability~~]

1 renovation of any existing facilities; and [but]

2 2. Does not include the cost of real property other than real property

3 designated as a brownfield site as defined in KRS 65.680(4).

4 (4) Notwithstanding any other provision of law to the contrary, refunds under

5 subsection (3) of this section shall be made directly to the institution. Interest shall

6 not be allowed or paid on the refund. The department may examine any refund

7 within four (4) years from the date the refund application is received. Any

8 overpayment shall be subject to the interest provisions of KRS 131.183 and the

9 penalty provisions of KRS 131.180.

10 (5) All other sales made by ~~nonprofit~~ [educational or ~~charitable~~ ~~or religious~~]
11 institutions ~~or limited liability companies described in subsection (1) of this~~
12 ~~section~~ are taxable and the tax may be passed on to the purchaser as provided in
13 KRS 139.210.

14 (6) **For religious institutions, the taxes imposed by this chapter do not apply to any of**

15 **the following:**

16 (a) **Sales of tangible personal property, digital property, or services made by a**

17 **religious institution; or**

18 (b) **Purchases of tangible personal property, digital property, or services made**

19 **by a religious institution, provided the tangible personal property, digital**

20 **property, or service is to be used solely in this state within the religious**

21 **function.**