

1 AN ACT relating to low-income families, children, and pregnant women.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO  
4 READ AS FOLLOWS:

5 *Notwithstanding any provision of law to the contrary, the cabinet shall not require*  
6 *participants in any public assistance program administered under this chapter or*  
7 *administered by the cabinet to complete eligibility redeterminations more frequently than*  
8 *is required by federal law. Eligibility periods for public assistance programs*  
9 *administered under this chapter or administered by the cabinet shall be equal to the*  
10 *maximum period of time permitted under federal law.*

11 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO  
12 READ AS FOLLOWS:

13 *(1) To the extent permitted under federal law, the cabinet shall not:*

14 *(a) Rely exclusively on automated, artificial intelligence-based, or algorithmic*  
15 *software to identify instances of fraud or abuse in any public assistance*  
16 *program administered under this chapter or by the cabinet; or*

17 *(b) Take any action to deny, discontinue, or reduce benefits provided as part of a*  
18 *public assistance program administered under this chapter or by the cabinet*  
19 *unless cabinet personnel have reviewed relevant documentation in its*  
20 *possession.*

21 *(2) Nothing in this section shall be interpreted to prohibit the cabinet from utilizing*  
22 *automated, artificial intelligence-based, or algorithmic software for the purpose of*  
23 *identifying or flagging instances of potential fraud or abuse to be investigated*  
24 *further by cabinet personnel.*

25 ➔Section 3. KRS 205.231 is amended to read as follows:

26 (1) The secretary shall appoint one (1) or more impartial hearing officers to hear and  
27 decide upon appealed decisions.

- 1 (2) Any applicant or recipient who is dissatisfied with the decision or delay in action on  
2 his or her application for public assistance or the amount granted to him or her and  
3 any applicant or recipient who was deemed ineligible or disqualified from public  
4 assistance benefits under KRS 205.193 or 205.200 may appeal to a hearing officer,  
5 except that an appeal and a hearing need not be granted if the sole issue is a federal  
6 or state law requiring an automatic change adversely affecting some or all recipients  
7 of the Kentucky medical assistance program so long as advance notice of the change,  
8 with an explanation of appeal rights, is provided to all affected recipients. However,  
9 a recipient may appeal whether the cabinet is accurately interpreting a change in  
10 federal or state law which may adversely affect the recipient. On receipt of an appeal,  
11 an administrative hearing shall be conducted in accordance with KRS Chapter 13B.
- 12 (3) The secretary may appoint an Appeal Board for Public Assistance composed of the  
13 secretary and two (2) other members. The secretary shall be chairman, and he or she  
14 and one (1) other member constitute a quorum.
- 15 (4) Any applicant or recipient who is dissatisfied with the decision of a hearing officer  
16 may appeal to the appeal board in the manner and form prescribed by administrative  
17 regulation. The board may on its own motion affirm, modify, or set aside any decision  
18 of a hearing officer on the basis of the evidence previously submitted in the case, or  
19 direct the taking of additional evidence, or may permit any of the parties to the  
20 decision to initiate further appeals before it. The board may remove itself or transfer  
21 to another hearing officer the proceedings on any appeal pending before a hearing  
22 officer. The board shall promptly notify the parties to any proceedings of its findings  
23 and decisions.
- 24 (5) The manner in which appeals are presented and hearings and appeals conducted  
25 under subsection (4) of this section shall be in accordance with administrative  
26 regulations promulgated by the secretary.
- 27 (6) **Notwithstanding any other provision of law to the contrary, if a recipient of public**

1 assistance benefits provided under this chapter is deemed ineligible for or  
 2 disqualified from receiving public assistance benefits on the basis of fraudulent  
 3 activities and the recipient appeals the decision as permitted under this section, the  
 4 recipient shall enjoy a presumption of innocence and the burden of proof shall lie  
 5 with the cabinet, unless federal law requires otherwise.

6 (7) After a decision by the appeal board, any party aggrieved by the decision may seek  
 7 judicial review of the decision by filing a petition in the Circuit Court of the county  
 8 in which the petitioner resides, in accordance with KRS 13B.140, 13B.150, and  
 9 13B.160.

10 ➔SECTION 4. A NEW SECTION OF SUBTITLE 17A OF KRS CHAPTER 304  
 11 IS CREATED TO READ AS FOLLOWS:

12 (1) As used in this section, unless context requires otherwise:

13 (a) "Exchange":

14 1. Means a governmental agency or nonprofit entity that makes qualified  
 15 health plans, as defined in 42 U.S.C. sec. 18021, as amended, available  
 16 to qualified individuals or qualified employers; and

17 2. Includes:

18 a. An exchange serving the individual market for qualified  
 19 individuals; and

20 b. A Small Business Health Options Program serving the small  
 21 group market for qualified employers; and

22 (b) "Health benefit plan" has the same meaning as in KRS 304.17A-005, except  
 23 that for purposes of this section, the term includes:

24 1. Short-term limited-duration coverage; and

25 2. Student health insurance offered by a Kentucky-licensed insurer under  
 26 written contract with a university or college whose students it proposes  
 27 to insure.

1 (2) To the extent permitted by federal law:

2 (a) The following shall provide a special enrollment period to pregnant  
3 individuals who are eligible for coverage:

4 1. Any insurer offering a health benefit plan; and

5 2. Any exchange operating in this state;

6 (b) The insurer or exchange shall allow a pregnant individual, and any  
7 individual who is eligible for coverage because of a relationship to a pregnant  
8 individual, to enroll for coverage under the plan or on the exchange:

9 1. Except as provided in subparagraph 2. of this paragraph, at any time  
10 during the pregnancy; or

11 2. Beginning on the date that the pregnant individual reports the  
12 pregnancy to the insurer or the exchange, if the insurer or exchange is  
13 required under federal law to limit the enrollment period;

14 (c) The coverage required under this subsection shall begin no later than the first  
15 day of the first calendar month in which a medical professional determines  
16 that the pregnancy began, except that a pregnant individual may direct  
17 coverage to begin on the first day of any month occurring after that date but  
18 during the pregnancy; and

19 (d) If a directive under paragraph (c) of this subsection falls outside of the  
20 pregnancy period, the coverage required under this subsection shall begin  
21 not later than the first day of the last month that occurred during the  
22 pregnancy.

23 (3) For group health plans and insurers offering group health insurance coverage in  
24 Kentucky, the plan or insurer shall, at or before the time an individual is initially  
25 offered the opportunity to enroll in the plan or coverage, provide the individual  
26 with a notice of the special enrollment rights under this section.

27 ➔ Section 5. KRS 304.17A-145 is amended to read as follows:

1 (1) A health benefit plan~~[issued or renewed on or after July 15, 1996,]~~ that provides  
2 maternity coverage shall provide coverage for inpatient care for a mother and her  
3 newly-born child for a minimum of forty-eight (48) hours after vaginal delivery and  
4 a minimum of ninety-six (96) hours after delivery by Cesarean section.

5 (2) The provisions of subsection (1) of this section shall not apply to a health benefit plan  
6 if the health benefit plan authorizes an initial postpartum home visit which would  
7 include the collection of an adequate sample for the hereditary and metabolic  
8 newborn screening and if the attending physician, with the consent of the mother of  
9 the newly-born child, authorizes a shorter length of stay than that required of health  
10 benefit plans in subsection (1) of this section upon the physician's determination that  
11 the mother and newborn meet the criteria for medical stability in the most current  
12 version of "Guidelines for Perinatal Care" prepared by the American Academy of  
13 Pediatrics and the American College of Obstetricians and Gynecologists.

14 **(3) (a) As used in this subsection, "health benefit plan" has the same meaning as in**  
15 **KRS 304.17A-005, except that for purposes of this section, the term includes:**

16 **1. Short-term limited-duration coverage; and**

17 **2. Student health insurance offered by a Kentucky-licensed insurer under**  
18 **written contract with a university or college whose students it proposes**  
19 **to insure.**

20 **(b) A health benefit plan that provides coverage for dependents shall provide**  
21 **coverage for maternity care associated with pregnancy, childbirth, and**  
22 **postpartum care for all individuals covered under the plan, including**  
23 **dependents.**

24 **(c) The coverage required under this subsection shall:**

25 **1. Include coverage for labor and delivery; and**

26 **2. Be provided to all pregnant dependents regardless of age.**

27 ➔ Section 6. KRS 304.17A-220 is amended to read as follows:

- 1 (1) All group health plans and insurers offering group health insurance coverage in the  
2 Commonwealth shall comply with the provisions of this section and Section 4 of this  
3 Act.
- 4 (2) Subject to subsection (8) of this section, a group health plan, and a health insurance  
5 insurer offering group health insurance coverage, may, with respect to a participant  
6 or beneficiary, impose a pre-existing condition exclusion only if:
- 7 (a) The exclusion relates to a condition, whether physical or mental, regardless of  
8 the cause of the condition, for which medical advice, diagnosis, care, or  
9 treatment was recommended or received within the six (6) month period ending  
10 on the enrollment date. For purposes of this paragraph:
- 11 1. Medical advice, diagnosis, care, or treatment is taken into account only if  
12 it is recommended by, or received from, an individual licensed or  
13 similarly authorized to provide such services under state law and  
14 operating within the scope of practice authorized by state law; and
- 15 2. The six (6) month period ending on the enrollment date begins on the six  
16 (6) month anniversary date preceding the enrollment date;
- 17 (b) The exclusion extends for a period of not more than twelve (12) months, or  
18 eighteen (18) months in the case of a late enrollee, after the enrollment date;
- 19 (c) 1. The period of any pre-existing condition exclusion that would otherwise  
20 apply to an individual is reduced by the number of days of creditable  
21 coverage the individual has as of the enrollment date, as counted under  
22 subsection (3) of this section; and
- 23 2. Except for ineligible individuals who apply for coverage in the individual  
24 market, the period of any pre-existing condition exclusion that would  
25 otherwise apply to an individual may be reduced by the number of days  
26 of creditable coverage the individual has as of the effective date of  
27 coverage under the policy; and

- 1 (d) A written notice of the pre-existing condition exclusion is provided to  
2 participants under the plan, and the insurer cannot impose a pre-existing  
3 condition exclusion with respect to a participant or a dependent of the  
4 participant until such notice is provided.
- 5 (3) In reducing the pre-existing condition exclusion period that applies to an individual,  
6 the amount of creditable coverage is determined by counting all the days on which  
7 the individual has one (1) or more types of creditable coverage. For purposes of  
8 counting creditable coverage:
- 9 (a) If on a particular day the individual has creditable coverage from more than one  
10 (1) source, all the creditable coverage on that day is counted as one (1) day;
- 11 (b) Any days in a waiting period for coverage are not creditable coverage;
- 12 (c) Days of creditable coverage that occur before a significant break in coverage  
13 are not required to be counted; and
- 14 (d) Days in a waiting period and days in an affiliation period are not taken into  
15 account in determining whether a significant break in coverage has occurred.
- 16 (4) An insurer may determine the amount of creditable coverage in another manner than  
17 established in subsection (3) of this section that is at least as favorable to the  
18 individual as the method established in subsection (3) of this section.
- 19 (5) If an insurer receives creditable coverage information, the insurer shall make a  
20 determination regarding the amount of the individual's creditable coverage and the  
21 length of any pre-existing exclusion period that remains. A written notice of the  
22 length of the pre-existing condition exclusion period that remains after offsetting for  
23 prior creditable coverage shall be issued by the insurer. An insurer may not impose  
24 any limit on the amount of time that an individual has to present a certificate or  
25 evidence of creditable coverage.
- 26 (6) For purposes of this section:
- 27 (a) "Pre-existing condition exclusion" means, with respect to coverage, a limitation

1 or exclusion of benefits relating to a condition based on the fact that the  
2 condition was present before the effective date of coverage, whether or not any  
3 medical advice, diagnosis, care, or treatment was recommended or received  
4 before that day. A pre-existing condition exclusion includes any exclusion  
5 applicable to an individual as a result of information relating to an individual's  
6 health status before the individual's effective date of coverage under a health  
7 benefit plan;

8 (b) "Enrollment date" means, with respect to an individual covered under a group  
9 health plan or health insurance coverage, the first day of coverage or, if there is  
10 a waiting period, the first day of the waiting period. If an individual receiving  
11 benefits under a group health plan changes benefit packages, or if the employer  
12 changes its group health insurer, the individual's enrollment date does not  
13 change;

14 (c) "First day of coverage" means, in the case of an individual covered for benefits  
15 under a group health plan, the first day of coverage under the plan and, in the  
16 case of an individual covered by health insurance coverage in the individual  
17 market, the first day of coverage under the policy or contract;

18 (d) "Late enrollee" means an individual whose enrollment in a plan is a late  
19 enrollment;

20 (e) "Late enrollment" means enrollment of an individual under a group health plan  
21 other than:

- 22 1. On the earliest date on which coverage can become effective for the  
23 individual under the terms of the plan; or
- 24 2. Through special enrollment;

25 (f) "Significant break in coverage" means a period of sixty-three (63) consecutive  
26 days during each of which an individual does not have any creditable coverage;  
27 and



1 (g) "Waiting period" means the period that must pass before coverage for an  
2 employee or dependent who is otherwise eligible to enroll under the terms of a  
3 group health plan can become effective. If an employee or dependent enrolls as  
4 a late enrollee or special enrollee, any period before such late or special  
5 enrollment is not a waiting period. If an individual seeks coverage in the  
6 individual market, a waiting period begins on the date the individual submits a  
7 substantially complete application for coverage and ends on:

- 8 1. If the application results in coverage, the date coverage begins; or
- 9 2. If the application does not result in coverage, the date on which the  
10 application is denied by the insurer or the date on which the offer of  
11 coverage lapses.

12 (7) (a) 1. Except as otherwise provided under subsection (3) of this section, for  
13 purposes of applying subsection (2)(c) of this section, a group health plan,  
14 and a health insurance insurer offering group health insurance coverage,  
15 shall count a period of creditable coverage without regard to the specific  
16 benefits covered during the period.

17 2. A group health plan, or a health insurance insurer offering group health  
18 insurance coverage, may elect to apply subsection (2)(c) of this section  
19 based on coverage of benefits within each of several classes or categories  
20 of benefits specified in federal regulations. This election shall be made on  
21 a uniform basis for all participants and beneficiaries. Under this election,  
22 a group health plan or insurer shall count a period of creditable coverage  
23 with respect to any class or category of benefits if any level of benefits is  
24 covered within this class or category.

25 3. In the case of an election with respect to a group health plan under  
26 subparagraph 2. of this paragraph, whether or not health insurance  
27 coverage is provided in connection with the plan, the plan shall:

- 1           a. Prominently state in any disclosure statements concerning the plan,  
2           and state to each enrollee at the time of enrollment under the plan,  
3           that the plan has made this election; and
- 4           b. Include in these statements a description of the effect of this  
5           election.
- 6       (b) Periods of creditable coverage with respect to an individual shall be established  
7       through presentation of certifications described in subsection (9) of this section  
8       or in such other manner as may be specified in administrative regulations.
- 9       (8) (a) Subject to paragraph (e) of this subsection, a group health plan, and a health  
10       insurance insurer offering group health insurance coverage, may not impose  
11       any pre-existing condition exclusion on a child who, within thirty (30) days  
12       after birth, is covered under any creditable coverage. If a child is enrolled in a  
13       group health plan or other creditable coverage within thirty (30) days after birth  
14       and subsequently enrolls in another group health plan without a significant  
15       break in coverage, the other group health plan may not impose any pre-existing  
16       condition exclusion on the child.
- 17       (b) Subject to paragraph (e) of this subsection, a group health plan, and a health  
18       insurance insurer offering group health insurance coverage, may not impose  
19       any pre-existing condition exclusion on a child who is adopted or placed for  
20       adoption before attaining eighteen (18) years of age and who, within thirty (30)  
21       days after the adoption or placement for adoption, is covered under any  
22       creditable coverage. If a child is enrolled in a group health plan or other  
23       creditable coverage within thirty (30) days after adoption or placement for  
24       adoption and subsequently enrolls in another group health plan without a  
25       significant break in coverage, the other group health plan may not impose any  
26       pre-existing condition exclusion on the child. This shall not apply to coverage  
27       before the date of the adoption or placement for adoption.

- 1 (c) A group health plan may not impose any pre-existing condition exclusion  
2 relating to pregnancy.
- 3 (d) A group health plan may not impose a pre-existing condition exclusion relating  
4 to a condition based solely on genetic information. If an individual is diagnosed  
5 with a condition, even if the condition relates to genetic information, the insurer  
6 may impose a pre-existing condition exclusion with respect to the condition,  
7 subject to other requirements of this section.
- 8 (e) Paragraphs (a) and (b) of this subsection shall no longer apply to an individual  
9 after the end of the first sixty-three (63) day period during all of which the  
10 individual was not covered under any creditable coverage.
- 11 (9) (a) 1. A group health plan, and a health insurance insurer offering group health  
12 insurance coverage, shall provide a certificate of creditable coverage as  
13 described in subparagraph 2. of this subsection. A certificate of creditable  
14 coverage shall be provided, without charge, for participants or dependents  
15 who are or were covered under a group health plan upon the occurrence  
16 of any of the following events:
- 17 a. At the time an individual ceases to be covered under a health benefit  
18 plan or otherwise becomes eligible under a COBRA continuation  
19 provision;
- 20 b. In the case of an individual becoming covered under a COBRA  
21 continuation provision, at the time the individual ceases to be  
22 covered under the COBRA continuation provision; and
- 23 c. On request on behalf of an individual made not later than twenty-  
24 four (24) months after the date of cessation of the coverage  
25 described in subdivision a. or b. of this subparagraph, whichever is  
26 later.

27 The certificate of creditable coverage as described under subdivision a. of

- 1 this subparagraph may be provided, to the extent practicable, at a time  
2 consistent with notices required under any applicable COBRA  
3 continuation provision.
- 4 2. The certification described in this subparagraph is a written certification  
5 of:
- 6 a. The period of creditable coverage of the individual under the health  
7 benefit plan and the coverage, if any, under the COBRA  
8 continuation provision; and
- 9 b. The waiting period, if any, and affiliation period, if applicable,  
10 imposed with respect to the individual for any coverage under the  
11 plan.
- 12 3. To the extent that medical care under a group health plan consists of group  
13 health insurance coverage, the plan is deemed to have satisfied the  
14 certification requirement under this paragraph if the health insurance  
15 insurer offering the coverage provides for the certification in accordance  
16 with this paragraph.
- 17 (b) In the case of an election described in subsection (7)(a)2. of this section by a  
18 group health plan or health insurance insurer, if the plan or insurer enrolls an  
19 individual for coverage under the plan and the individual provides a  
20 certification of coverage of the individual under paragraph (a) of this  
21 subsection:
- 22 1. Upon request of that plan or insurer, the entity that issued the certification  
23 provided by the individual shall promptly disclose to the requesting plan  
24 or insurer information on coverage of classes and categories of health  
25 benefits available under the entity's plan or coverage; and
- 26 2. The entity may charge the requesting plan or insurer for the reasonable  
27 cost of disclosing this information.

- 1 (10) (a) A group health plan, and a health insurance insurer offering group health  
2 insurance coverage in connection with a group health plan, shall permit an  
3 employee who is eligible but not enrolled for coverage under the terms of the  
4 plan, or a dependent of that employee if the dependent is eligible but not  
5 enrolled for coverage under these terms, to enroll for coverage under the terms  
6 of the plan if each of the following conditions is met:
- 7 1. The employee or dependent was covered under a group health plan or had  
8 health insurance coverage at the time coverage was previously offered to  
9 the employee or dependent;
  - 10 2. The employee stated in writing at that time that coverage under a group  
11 health plan or health insurance coverage was the reason for declining  
12 enrollment, but only if the plan sponsor or insurer, if applicable, required  
13 that statement at that time and provided the employee with notice of the  
14 requirement, and the consequences of the requirement, at that time;
  - 15 3. The employee's or dependent's coverage described in subparagraph 1. of  
16 this paragraph:
    - 17 a. Was under a COBRA continuation provision and the coverage  
18 under that provision was exhausted; or
    - 19 b. Was not under such a provision and either the coverage was  
20 terminated as a result of loss of eligibility for the coverage,  
21 including as a result of legal separation, divorce, cessation of  
22 dependent status, such as obtaining the maximum age to be eligible  
23 as a dependent child, death of the employee, termination of  
24 employment, reduction in the number of hours of employment,  
25 employer contributions toward the coverage were terminated, a  
26 situation in which an individual incurs a claim that would meet or  
27 exceed a lifetime limit on all benefits, or a situation in which a plan

1 no longer offers any benefits to the class of similarly situated  
2 individuals that includes the individual; or

3 c. Was offered through a health maintenance organization or other  
4 arrangement in the group market that does not provide benefits to  
5 individuals who no longer reside, live, or work in a service area and,  
6 loss of coverage in the group market occurred because an individual  
7 no longer resides, lives, or works in the service area, whether or not  
8 within the choice of the individual, and no other benefit package is  
9 available to the individual; and

10 4. An insurer shall allow an employee and dependent a period of at least  
11 thirty (30) days after an event described in this paragraph has occurred to  
12 request enrollment for the employee or the employee's dependent.  
13 Coverage shall begin no later than the first day of the first calendar month  
14 beginning after the date the insurer receives the request for special  
15 enrollment.

16 (b) A dependent of a current employee, including the employee's spouse, and the  
17 employee each are eligible for enrollment in the group health plan subject to  
18 plan eligibility rules conditioning dependent enrollment on enrollment of the  
19 employee if the requirements of paragraph (a) of this subsection are satisfied.

20 (c) 1. If:  
21 a. A group health plan makes coverage available with respect to a  
22 dependent of an individual;  
23 b. The individual is a participant under the plan, or has met any waiting  
24 period applicable to becoming a participant under the plan and is  
25 eligible to be enrolled under the plan but for a failure to enroll during  
26 a previous enrollment period; and  
27 c. A person becomes such a dependent of the individual through

1 marriage, birth, or adoption or placement for adoption;  
2 the group health plan shall provide for a dependent special enrollment  
3 period described in subparagraph 2. of this paragraph during which the  
4 person or, if not otherwise enrolled, the individual, may be enrolled under  
5 the plan as a dependent of the individual, and in the case of the birth or  
6 adoption of a child, the spouse of the individual may be enrolled as a  
7 dependent of the individual if the spouse is otherwise eligible for  
8 coverage.

9 2. A dependent special enrollment period under this subparagraph shall be a  
10 period of at least thirty (30) days and shall begin on the later of:

11 a. The date dependent coverage is made available; or

12 b. The date of the marriage, birth, or adoption or placement for  
13 adoption, as the case may be, described in subparagraph 1.c. of this  
14 paragraph.

15 3. If an individual seeks to enroll a dependent during the first thirty (30) days  
16 of the dependent special enrollment period, the coverage of the dependent  
17 shall become effective:

18 a. In the case of marriage, not later than the first day of the first month  
19 beginning after the date the completed request for enrollment is  
20 received;

21 b. In the case of a dependent's birth, as of the date of the birth; or

22 c. In the case of a dependent's adoption or placement for adoption, the  
23 date of the adoption or placement for adoption.

24 (d) At or before the time an employee is initially offered the opportunity to enroll  
25 in a group health plan, the employer shall provide the employee with a notice  
26 of special enrollment rights.

27 (11) (a) In the case of a group health plan that offers medical care through health

1 insurance coverage offered by a health maintenance organization, the plan may  
2 provide for an affiliation period with respect to coverage through the  
3 organization only if:

- 4 1. No pre-existing condition exclusion is imposed with respect to coverage  
5 through the organization;
- 6 2. The period is applied uniformly without regard to any health status-  
7 related factors; and
- 8 3. The period does not exceed two (2) months, or three (3) months in the  
9 case of a late enrollee.

10 (b) 1. For purposes of this section, the term "affiliation period" means a period  
11 which, under the terms of the health insurance coverage offered by the  
12 health maintenance organization, must expire before the health insurance  
13 coverage becomes effective. The organization is not required to provide  
14 health care services or benefits during this period and no premium shall  
15 be charged to the participant or beneficiary for any coverage during the  
16 period.

- 17 2. This period shall begin on the enrollment date.
- 18 3. An affiliation period under a plan shall run concurrently with any waiting  
19 period under the plan.

20 (c) A health maintenance organization described in paragraph (a) of this subsection  
21 may use alternative methods other than those described in that paragraph to  
22 address adverse selection as approved by the commissioner.

23 ➔Section 7. KRS 18A.225 (Effective January 1, 2025) is amended to read as  
24 follows:

25 (1) (a) The term "employee" for purposes of this section means:

- 26 1. Any person, including an elected public official, who is regularly  
27 employed by any department, office, board, agency, or branch of state



- 1 government; or by a public postsecondary educational institution; or by  
2 any city, urban-county, charter county, county, or consolidated local  
3 government, whose legislative body has opted to participate in the state-  
4 sponsored health insurance program pursuant to KRS 79.080; and who is  
5 either a contributing member to any one (1) of the retirement systems  
6 administered by the state, including but not limited to the Kentucky  
7 Retirement Systems, County Employees Retirement System, Kentucky  
8 Teachers' Retirement System, the Legislators' Retirement Plan, or the  
9 Judicial Retirement Plan; or is receiving a contractual contribution from  
10 the state toward a retirement plan; or, in the case of a public postsecondary  
11 education institution, is an individual participating in an optional  
12 retirement plan authorized by KRS 161.567; or is eligible to participate  
13 in a retirement plan established by an employer who ceases participating  
14 in the Kentucky Employees Retirement System pursuant to KRS 61.522  
15 whose employees participated in the health insurance plans administered  
16 by the Personnel Cabinet prior to the employer's effective cessation date  
17 in the Kentucky Employees Retirement System;
- 18 2. Any certified or classified employee of a local board of education or a  
19 public charter school as defined in KRS 160.1590;
  - 20 3. Any elected member of a local board of education;
  - 21 4. Any person who is a present or future recipient of a retirement allowance  
22 from the Kentucky Retirement Systems, County Employees Retirement  
23 System, Kentucky Teachers' Retirement System, the Legislators'  
24 Retirement Plan, the Judicial Retirement Plan, or the Kentucky  
25 Community and Technical College System's optional retirement plan  
26 authorized by KRS 161.567, except that a person who is receiving a  
27 retirement allowance and who is age sixty-five (65) or older shall not be

- 1 included, with the exception of persons covered under KRS  
2 61.702(2)(b)3. and 78.5536(2)(b)3., unless he or she is actively employed  
3 pursuant to subparagraph 1. of this paragraph; and
- 4 5. Any eligible dependents and beneficiaries of participating employees and  
5 retirees who are entitled to participate in the state-sponsored health  
6 insurance program;
- 7 (b) The term "health benefit plan" for the purposes of this section means a health  
8 benefit plan as defined in KRS 304.17A-005;
- 9 (c) The term "insurer" for the purposes of this section means an insurer as defined  
10 in KRS 304.17A-005; and
- 11 (d) The term "managed care plan" for the purposes of this section means a managed  
12 care plan as defined in KRS 304.17A-500.
- 13 (2) (a) The secretary of the Finance and Administration Cabinet, upon the  
14 recommendation of the secretary of the Personnel Cabinet, shall procure, in  
15 compliance with the provisions of KRS 45A.080, 45A.085, and 45A.090, from  
16 one (1) or more insurers authorized to do business in this state, a group health  
17 benefit plan that may include but not be limited to health maintenance  
18 organization (HMO), preferred provider organization (PPO), point of service  
19 (POS), and exclusive provider organization (EPO) benefit plans encompassing  
20 all or any class or classes of employees. With the exception of employers  
21 governed by the provisions of KRS Chapters 16, 18A, and 151B, all employers  
22 of any class of employees or former employees shall enter into a contract with  
23 the Personnel Cabinet prior to including that group in the state health insurance  
24 group. The contracts shall include but not be limited to designating the entity  
25 responsible for filing any federal forms, adoption of policies required for proper  
26 plan administration, acceptance of the contractual provisions with health  
27 insurance carriers or third-party administrators, and adoption of the payment

1 and reimbursement methods necessary for efficient administration of the health  
2 insurance program. Health insurance coverage provided to state employees  
3 under this section shall, at a minimum, contain the same benefits as provided  
4 under Kentucky Kare Standard as of January 1, 1994, and shall include a mail-  
5 order drug option as provided in subsection (13) of this section. All employees  
6 and other persons for whom the health care coverage is provided or made  
7 available shall annually be given an option to elect health care coverage through  
8 a self-funded plan offered by the Commonwealth or, if a self-funded plan is not  
9 available, from a list of coverage options determined by the competitive bid  
10 process under the provisions of KRS 45A.080, 45A.085, and 45A.090 and  
11 made available during annual open enrollment.

12 (b) The policy or policies shall be approved by the commissioner of insurance and  
13 may contain the provisions the commissioner of insurance approves, whether  
14 or not otherwise permitted by the insurance laws.

15 (c) Any carrier bidding to offer health care coverage to employees shall agree to  
16 provide coverage to all members of the state group, including active employees  
17 and retirees and their eligible covered dependents and beneficiaries, within the  
18 county or counties specified in its bid. Except as provided in subsection (20) of  
19 this section, any carrier bidding to offer health care coverage to employees shall  
20 also agree to rate all employees as a single entity, except for those retirees  
21 whose former employers insure their active employees outside the state-  
22 sponsored health insurance program and as otherwise provided in KRS  
23 61.702(2)(b)3.b. and 78.5536(2)(b)3.b.

24 (d) Any carrier bidding to offer health care coverage to employees shall agree to  
25 provide enrollment, claims, and utilization data to the Commonwealth in a  
26 format specified by the Personnel Cabinet with the understanding that the data  
27 shall be owned by the Commonwealth; to provide data in an electronic form

1 and within a time frame specified by the Personnel Cabinet; and to be subject  
2 to penalties for noncompliance with data reporting requirements as specified by  
3 the Personnel Cabinet. The Personnel Cabinet shall take strict precautions to  
4 protect the confidentiality of each individual employee; however,  
5 confidentiality assertions shall not relieve a carrier from the requirement of  
6 providing stipulated data to the Commonwealth.

7 (e) The Personnel Cabinet shall develop the necessary techniques and capabilities  
8 for timely analysis of data received from carriers and, to the extent possible,  
9 provide in the request-for-proposal specifics relating to data requirements,  
10 electronic reporting, and penalties for noncompliance. The Commonwealth  
11 shall own the enrollment, claims, and utilization data provided by each carrier  
12 and shall develop methods to protect the confidentiality of the individual. The  
13 Personnel Cabinet shall include in the October annual report submitted pursuant  
14 to the provisions of KRS 18A.226 to the Governor, the General Assembly, and  
15 the Chief Justice of the Supreme Court, an analysis of the financial stability of  
16 the program, which shall include but not be limited to loss ratios, methods of  
17 risk adjustment, measurements of carrier quality of service, prescription  
18 coverage and cost management, and statutorily required mandates. If state self-  
19 insurance was available as a carrier option, the report also shall provide a  
20 detailed financial analysis of the self-insurance fund including but not limited  
21 to loss ratios, reserves, and reinsurance agreements.

22 (f) If any agency participating in the state-sponsored employee health insurance  
23 program for its active employees terminates participation and there is a state  
24 appropriation for the employer's contribution for active employees' health  
25 insurance coverage, then neither the agency nor the employees shall receive the  
26 state-funded contribution after termination from the state-sponsored employee  
27 health insurance program.

- 1 (g) Any funds in flexible spending accounts that remain after all reimbursements  
2 have been processed shall be transferred to the credit of the state-sponsored  
3 health insurance plan's appropriation account.
- 4 (h) Each entity participating in the state-sponsored health insurance program shall  
5 provide an amount at least equal to the state contribution rate for the employer  
6 portion of the health insurance premium. For any participating entity that used  
7 the state payroll system, the employer contribution amount shall be equal to but  
8 not greater than the state contribution rate.
- 9 (3) The premiums may be paid by the policyholder:
- 10 (a) Wholly from funds contributed by the employee, by payroll deduction or  
11 otherwise;
- 12 (b) Wholly from funds contributed by any department, board, agency, public  
13 postsecondary education institution, or branch of state, city, urban-county,  
14 charter county, county, or consolidated local government; or
- 15 (c) Partly from each, except that any premium due for health care coverage or  
16 dental coverage, if any, in excess of the premium amount contributed by any  
17 department, board, agency, postsecondary education institution, or branch of  
18 state, city, urban-county, charter county, county, or consolidated local  
19 government for any other health care coverage shall be paid by the employee.
- 20 (4) If an employee moves his or her place of residence or employment out of the service  
21 area of an insurer offering a managed health care plan, under which he or she has  
22 elected coverage, into either the service area of another managed health care plan or  
23 into an area of the Commonwealth not within a managed health care plan service  
24 area, the employee shall be given an option, at the time of the move or transfer, to  
25 change his or her coverage to another health benefit plan.
- 26 (5) No payment of premium by any department, board, agency, public postsecondary  
27 educational institution, or branch of state, city, urban-county, charter county, county,

1 or consolidated local government shall constitute compensation to an insured  
2 employee for the purposes of any statute fixing or limiting the compensation of such  
3 an employee. Any premium or other expense incurred by any department, board,  
4 agency, public postsecondary educational institution, or branch of state, city, urban-  
5 county, charter county, county, or consolidated local government shall be considered  
6 a proper cost of administration.

7 (6) The policy or policies may contain the provisions with respect to the class or classes  
8 of employees covered, amounts of insurance or coverage for designated classes or  
9 groups of employees, policy options, terms of eligibility, and continuation of  
10 insurance or coverage after retirement.

11 (7) Group rates under this section shall be made available to the disabled child of an  
12 employee regardless of the child's age if the entire premium for the disabled child's  
13 coverage is paid by the state employee. A child shall be considered disabled if he or  
14 she has been determined to be eligible for federal Social Security disability benefits.

15 (8) The health care contract or contracts for employees shall be entered into for a period  
16 of not less than one (1) year.

17 (9) The secretary shall appoint thirty-two (32) persons to an Advisory Committee of  
18 State Health Insurance Subscribers to advise the secretary or the secretary's designee  
19 regarding the state-sponsored health insurance program for employees. The secretary  
20 shall appoint, from a list of names submitted by appointing authorities, members  
21 representing school districts from each of the seven (7) Supreme Court districts,  
22 members representing state government from each of the seven (7) Supreme Court  
23 districts, two (2) members representing retirees under age sixty-five (65), one (1)  
24 member representing local health departments, two (2) members representing the  
25 Kentucky Teachers' Retirement System, and three (3) members at large. The  
26 secretary shall also appoint two (2) members from a list of five (5) names submitted  
27 by the Kentucky Education Association, two (2) members from a list of five (5)

1 names submitted by the largest state employee organization of nonschool state  
2 employees, two (2) members from a list of five (5) names submitted by the Kentucky  
3 Association of Counties, two (2) members from a list of five (5) names submitted by  
4 the Kentucky League of Cities, and two (2) members from a list of names consisting  
5 of five (5) names submitted by each state employee organization that has two  
6 thousand (2,000) or more members on state payroll deduction. The advisory  
7 committee shall be appointed in January of each year and shall meet quarterly.

8 (10) Notwithstanding any other provision of law to the contrary, the policy or policies  
9 provided to employees pursuant to this section shall not provide coverage for  
10 obtaining or performing an abortion, nor shall any state funds be used for the purpose  
11 of obtaining or performing an abortion on behalf of employees or their dependents.

12 (11) Interruption of an established treatment regime with maintenance drugs shall be  
13 grounds for an insured to appeal a formulary change through the established appeal  
14 procedures approved by the Department of Insurance, if the physician supervising  
15 the treatment certifies that the change is not in the best interests of the patient.

16 (12) Any employee who is eligible for and elects to participate in the state health insurance  
17 program as a retiree, or the spouse or beneficiary of a retiree, under any one (1) of  
18 the state-sponsored retirement systems shall not be eligible to receive the state health  
19 insurance contribution toward health care coverage as a result of any other  
20 employment for which there is a public employer contribution. This does not preclude  
21 a retiree and an active employee spouse from using both contributions to the extent  
22 needed for purchase of one (1) state sponsored health insurance policy for that plan  
23 year.

24 (13) (a) The policies of health insurance coverage procured under subsection (2) of this  
25 section shall include a mail-order drug option for maintenance drugs for state  
26 employees. Maintenance drugs may be dispensed by mail order in accordance  
27 with Kentucky law.

- 1 (b) A health insurer shall not discriminate against any retail pharmacy located  
2 within the geographic coverage area of the health benefit plan and that meets  
3 the terms and conditions for participation established by the insurer, including  
4 price, dispensing fee, and copay requirements of a mail-order option. The retail  
5 pharmacy shall not be required to dispense by mail.
- 6 (c) The mail-order option shall not permit the dispensing of a controlled substance  
7 classified in Schedule II.
- 8 (14) The policy or policies provided to state employees or their dependents pursuant to  
9 this section shall provide coverage for obtaining a hearing aid and acquiring hearing  
10 aid-related services for insured individuals under eighteen (18) years of age, subject  
11 to a cap of one thousand four hundred dollars (\$1,400) every thirty-six (36) months  
12 pursuant to KRS 304.17A-132.
- 13 (15) Any policy provided to state employees or their dependents pursuant to this section  
14 shall provide coverage for the diagnosis and treatment of autism spectrum disorders  
15 consistent with KRS 304.17A-142.
- 16 (16) Any policy provided to state employees or their dependents pursuant to this section  
17 shall provide coverage for obtaining amino acid-based elemental formula pursuant to  
18 KRS 304.17A-258.
- 19 (17) If a state employee's residence and place of employment are in the same county, and  
20 if the hospital located within that county does not offer surgical services, intensive  
21 care services, obstetrical services, level II neonatal services, diagnostic cardiac  
22 catheterization services, and magnetic resonance imaging services, the employee  
23 may select a plan available in a contiguous county that does provide those services,  
24 and the state contribution for the plan shall be the amount available in the county  
25 where the plan selected is located.
- 26 (18) If a state employee's residence and place of employment are each located in counties  
27 in which the hospitals do not offer surgical services, intensive care services,



1       obstetrical services, level II neonatal services, diagnostic cardiac catheterization  
2       services, and magnetic resonance imaging services, the employee may select a plan  
3       available in a county contiguous to the county of residence that does provide those  
4       services, and the state contribution for the plan shall be the amount available in the  
5       county where the plan selected is located.

6       (19) The Personnel Cabinet is encouraged to study whether it is fair and reasonable and  
7       in the best interests of the state group to allow any carrier bidding to offer health care  
8       coverage under this section to submit bids that may vary county by county or by  
9       larger geographic areas.

10       (20) Notwithstanding any other provision of this section, the bid for proposals for health  
11       insurance coverage for calendar year 2004 shall include a bid scenario that reflects  
12       the statewide rating structure provided in calendar year 2003 and a bid scenario that  
13       allows for a regional rating structure that allows carriers to submit bids that may vary  
14       by region for a given product offering as described in this subsection:

15       (a) The regional rating bid scenario shall not include a request for bid on a  
16       statewide option;

17       (b) The Personnel Cabinet shall divide the state into geographical regions which  
18       shall be the same as the partnership regions designated by the Department for  
19       Medicaid Services for purposes of the Kentucky Health Care Partnership  
20       Program established pursuant to 907 KAR 1:705;

21       (c) The request for proposal shall require a carrier's bid to include every county  
22       within the region or regions for which the bid is submitted and include but not  
23       be restricted to a preferred provider organization (PPO) option;

24       (d) If the Personnel Cabinet accepts a carrier's bid, the cabinet shall award the  
25       carrier all of the counties included in its bid within the region. If the Personnel  
26       Cabinet deems the bids submitted in accordance with this subsection to be in  
27       the best interests of state employees in a region, the cabinet may award the

1 contract for that region to no more than two (2) carriers; and

2 (e) Nothing in this subsection shall prohibit the Personnel Cabinet from including  
3 other requirements or criteria in the request for proposal.

4 (21) Any fully insured health benefit plan or self-insured plan issued or renewed on or  
5 after July 12, 2006, to public employees pursuant to this section which provides  
6 coverage for services rendered by a physician or osteopath duly licensed under KRS  
7 Chapter 311 that are within the scope of practice of an optometrist duly licensed  
8 under the provisions of KRS Chapter 320 shall provide the same payment of coverage  
9 to optometrists as allowed for those services rendered by physicians or osteopaths.

10 (22) Any fully insured health benefit plan or self-insured plan issued or renewed to public  
11 employees pursuant to this section shall comply with:

12 (a) KRS 304.12-237;

13 (b) KRS 304.17A-270 and 304.17A-525;

14 (c) KRS 304.17A-600 to 304.17A-633;

15 (d) KRS 205.593;

16 (e) KRS 304.17A-700 to 304.17A-730;

17 (f) KRS 304.14-135;

18 (g) KRS 304.17A-580 and 304.17A-641;

19 (h) KRS 304.99-123;

20 (i) KRS 304.17A-138;

21 (j) KRS 304.17A-148;

22 (k) KRS 304.17A-163 and 304.17A-1631;

23 (l) KRS 304.17A-265;

24 (m) KRS 304.17A-261;

25 (n) KRS 304.17A-262;

26 **(o) Sections 4 and 5 of this Act;** and

27 **(p)** ~~(e)~~ Administrative regulations promulgated pursuant to statutes listed in this

1 subsection.

2 ➔Section 8. KRS 164.2871 (Effective January 1, 2025) is amended to read as  
3 follows:

- 4 (1) The governing board of each state postsecondary educational institution is authorized  
5 to purchase liability insurance for the protection of the individual members of the  
6 governing board, faculty, and staff of such institutions from liability for acts and  
7 omissions committed in the course and scope of the individual's employment or  
8 service. Each institution may purchase the type and amount of liability coverage  
9 deemed to best serve the interest of such institution.
- 10 (2) All retirement annuity allowances accrued or accruing to any employee of a state  
11 postsecondary educational institution through a retirement program sponsored by the  
12 state postsecondary educational institution are hereby exempt from any state, county,  
13 or municipal tax, and shall not be subject to execution, attachment, garnishment, or  
14 any other process whatsoever, nor shall any assignment thereof be enforceable in any  
15 court. Except retirement benefits accrued or accruing to any employee of a state  
16 postsecondary educational institution through a retirement program sponsored by the  
17 state postsecondary educational institution on or after January 1, 1998, shall be  
18 subject to the tax imposed by KRS 141.020, to the extent provided in KRS 141.010  
19 and 141.0215.
- 20 (3) Except as provided in KRS Chapter 44, the purchase of liability insurance for  
21 members of governing boards, faculty and staff of institutions of higher education in  
22 this state shall not be construed to be a waiver of sovereign immunity or any other  
23 immunity or privilege.
- 24 (4) The governing board of each state postsecondary education institution is authorized  
25 to provide a self-insured employer group health plan to its employees, which plan  
26 shall:
- 27 (a) Conform to the requirements of Subtitle 32 of KRS Chapter 304; and

1 (b) Except as provided in subsection (5) of this section, be exempt from conformity  
2 with Subtitle 17A of KRS Chapter 304.

3 (5) A self-insured employer group health plan provided by the governing board of a state  
4 postsecondary education institution to its employees shall comply with:

5 (a) KRS 304.17A-163 and 304.17A-1631;

6 (b) KRS 304.17A-265;

7 (c) KRS 304.17A-261;~~and~~

8 (d) KRS 304.17A-262; **and**

9 **(e) Sections 4 and 5 of this Act.**

10 ➔Section 9. KRS 194A.099 is amended to read as follows:

11 (1) The Division of Health Benefit Exchange shall administer the provisions of the  
12 Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148.

13 (2) The Division of Health Benefit Exchange shall:

14 (a) Facilitate enrollment in health coverage and the purchase and sale of qualified  
15 health plans in the individual market;

16 (b) Facilitate the ability of eligible individuals to receive premium tax credits and  
17 cost-sharing reductions and enable eligible small businesses to receive tax  
18 credits, in compliance with all applicable federal and state laws and regulations;

19 (c) Oversee the consumer assistance programs of navigators, in-person assisters,  
20 certified application counselors, and insurance agents as appropriate;

21 (d) At a minimum, carry out the functions and responsibilities required pursuant to  
22 42 U.S.C. sec. 18031 to implement and comply with federal regulations in  
23 accordance with 42 U.S.C. sec. 18041;~~and~~

24 (e) Regularly consult with stakeholders in accordance with 45 C.F.R. sec. 155.130;  
25 **and**

26 **(f) Comply with:**

27 **1. Section 4 of this Act; and**

1                    **2. Section 11 of this Act.**

- 2        (3) The office may enter into contracts and other agreements with appropriate entities,  
3            including but not limited to federal, state, and local agencies, as permitted under 45  
4            C.F.R. sec. 155.110, to the extent necessary to carry out the duties and responsibilities  
5            of the office, provided that the agreements incorporate adequate protections with  
6            respect to the confidentiality of any information to be shared.
- 7        (4) The office shall pursue all available federal funding for the further development and  
8            operation of the Division of Health Benefit Exchange.
- 9        (5) The Office of ~~Health~~ Data ~~and~~ Analytics shall promulgate administrative  
10           regulations in accordance with KRS Chapter 13A to implement this section.
- 11       (6) The office shall not establish procedures and rules that conflict with or prevent the  
12           application of the Patient Protection and Affordable Care Act of 2010, Pub. L. No.  
13           111-148.

14           ➔ Section 10. KRS 205.592 is amended to read as follows:

15        **(1)** Pregnant women, new mothers up to twelve (12) months postpartum, and children up  
16           to age one (1) shall be eligible for participation in the Kentucky Medical Assistance  
17           Program if:

18           ~~(a)(1)~~    **Except as provided in subsection (2) of this section,** they have family  
19           income up to but not exceeding one hundred and eighty-five percent (185%) of  
20           the nonfarm income official poverty guidelines as promulgated by the  
21           Department of Health and Human Services of the United States as revised  
22           annually; and

23           ~~(b)(2)~~    They are otherwise eligible for the program.

24        **(2) The income eligibility standard established in subsection (1)(a) of this section may**  
25           **be increased as funding is available and to the extent permitted under federal law.**

26           ➔ SECTION 11. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO  
27           READ AS FOLLOWS:

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

2 **(a) "Breast pump kit" means a collection of tubing, valves, flanges, bottles, and**  
3 **other parts required to extract human milk using a breast pump;**

4 **(b) "Lactation consultation" means the provision of lactation care and services**  
5 **by a qualified lactation support professional, including:**

6 **1. Lactation assessment;**

7 **2. Creation of a lactation care plan;**

8 **3. Lactation education; and**

9 **4. Recommendations for and instruction in the use of assistive devices;**

10 **(c) "Lactation counseling" means the provision of breastfeeding education and**  
11 **support services by a qualified lactation support professional or other**  
12 **licensed health care provider, including:**

13 **1. Providing a lactation assessment;**

14 **2. Creating a lactation care plan;**

15 **3. Providing lactation education, including educating women and families**  
16 **on the health impacts of breastfeeding and human lactation;**

17 **4. Advocating for breastfeeding as the norm for feeding infants and young**  
18 **children;**

19 **5. Providing breastfeeding support, encouragement, and care to help**  
20 **women and families meet their breastfeeding goals; and**

21 **6. Identifying and, when appropriate, referring high-risk mothers for**  
22 **clinical treatment; and**

23 **(d) "Qualified lactation support professional" means an individual who holds a**  
24 **current certification from a certification program accredited by the:**

25 **1. National Commission for Certifying Agencies;**

26 **2. Institute for Credentialing Excellence; or**

27 **3. American National Standards Institute.**

1 (2) The Department for Medicaid Services and any managed care organization with  
2 which the department contracts for the delivery of Medicaid services shall provide  
3 coverage for comprehensive lactation counseling, lactation consultation, and  
4 breastfeeding equipment.

5 (3) The coverage required by this section shall:

6 (a) Not be subject to:

7 1. Any cost-sharing requirements, including but not limited to  
8 copayments; or

9 2. Utilization management requirements, including but not limited to prior  
10 authorization, prescription, or referral, except as permitted in  
11 paragraph (d) of this subsection;

12 (b) Be provided in conjunction with each birth for the duration of breastfeeding,  
13 as defined by the beneficiary;

14 (c) For lactation counseling and lactation consultation, include:

15 1. In-person, one-on-one counseling or consultation, including home  
16 visits, regardless of location of service provision;

17 2. The delivery of counseling or consultation via telehealth, as defined in  
18 KRS 205.510, if the beneficiary requests telehealth counseling or  
19 consultation in lieu of in-person, one-on-one counseling or  
20 consultation; or

21 3. Group counseling, if the beneficiary requests group counseling in lieu  
22 of in-person, one-on-one counseling or consultation; and

23 (d) For breastfeeding equipment, include:

24 1. Purchase of a single-user, double electric breast pump, or a manual  
25 pump in lieu of a double electric breast pump, if requested by the  
26 beneficiary;

27 2. Rental of a multi-user breast pump on the recommendation of a

- 1                    licensed health care provider; and
- 2                    3. Two (2) breast pump kits as well as appropriately sized breast pump
- 3                    flanges and other lactation accessories recommended by a health care
- 4                    provider.
- 5                    (4) (a) The breastfeeding equipment described in subsection (3)(d) of this section
- 6                    shall be furnished within forty-eight (48) hours of notification of need, if
- 7                    requested after the birth of the child, or by the later of two (2) weeks before
- 8                    the beneficiary's expected due date or seventy-two (72) hours after
- 9                    notification of need, if requested prior to the birth of the child.
- 10                   (b) If the department cannot ensure delivery of breastfeeding equipment in
- 11                   accordance with paragraph (a) of this subsection, an individual may
- 12                   purchase equipment and the department or a managed care organization with
- 13                   whom the department contracts for the delivery of Medicaid services shall
- 14                   reimburse the individual for all out-of-pocket expenses incurred by the
- 15                   individual, including any balance billing amounts.

16                   ➔ Section 12. KRS 205.1783 is amended to read as follows:

17 In order to improve access to the Supplemental Nutrition Assistance Program, reduce

18 administrative costs associated with the program, ~~and~~ enhance program integrity, and

19 assist beneficiaries in transitioning into gainful employment and self-sufficiency, the

20 cabinet shall:

- 21 (1) Within one hundred eighty (180) days after July 14, 2022:
- 22                   (a) Establish a transitional benefit alternative as described in 7 C.F.R. secs. 273.26
- 23                   to 273.32;
- 24                   (b) Request a waiver from the United States Department of Agriculture to
- 25                   implement:
- 26                   1. An Elderly Simplified Application Project for individuals who have no
- 27                   earned income and who are over sixty (60) years of age or who are



- 1 disabled; and
- 2 2. A standard medical deduction waiver for individuals who are over sixty
- 3 (60) years of age or are disabled;
- 4 (c) Establish procedures to allow Supplemental Nutrition Assistance Program
- 5 beneficiaries to recertify eligibility online;
- 6 (d) To the extent permitted under federal law, develop and implement an online
- 7 employment and training program, as defined in 7 U.S.C. sec. 2015(d)(4), for
- 8 any individual that is subject to work requirements under 7 U.S.C. sec.
- 9 2015(d)(1);
- 10 (e) Request a waiver from the United States Department of Agriculture relating to
- 11 Supplemental Nutrition Assistance time limit exception established in 7 C.F.R.
- 12 sec. 273.24(c)(4); and
- 13 (f) Promulgate administrative regulations in accordance with KRS Chapter 13A
- 14 necessary to administer this section; and
- 15 (2) Within ninety (90) days after July 14, 2022, require all households receiving
- 16 Supplemental Nutrition Assistance benefits, except for those households described
- 17 in subsection (1)(b) of this section, to comply with the change reporting requirements
- 18 permitted pursuant to 7 C.F.R. sec. 273.12(a).
- 19 **(3) As funds are available and to the extent permitted under federal law, ensure that**
- 20 **participants in Supplemental Nutrition Assistance Program Employment and**
- 21 **Training services have access to the same job support, employment, and training**
- 22 **services as are offered to participants in the Kentucky Transitional Assistance**
- 23 **Program job support services including but not limited to transportation, child**
- 24 **care, internet access, and education.**
- 25 ➔Section 13. KRS 205.5372 is amended to read as follows:
- 26 **(1)** Notwithstanding any provision of law to the contrary, the cabinet shall not exercise
- 27 the state's option to develop a basic health program as permitted under 42 U.S.C. sec.

1 18051 without first obtaining specific authorization from the General Assembly to  
2 do so.

3 **(2) If, after receiving authorization from the General Assembly to do so, the cabinet**  
4 **establishes a basic health program, any health benefit plan made available as part**  
5 **of the basic health program shall comply with Section 4 and Section 10 of this Act.**

6 ➔Section 14. KRS 100.982 is amended to read as follows:

7 As used in KRS 100.982 to 100.984, unless the context otherwise requires:

8 (1) **"Family child-care home" means the same as in KRS 199.894;**

9 **(2)** "Person with a disability" means a person with a physical, emotional, or mental  
10 disability, including, but not limited to, an intellectual disability, cerebral palsy,  
11 epilepsy, autism, deafness or hard of hearing, sight impairments, and orthopedic  
12 impairments, but not including convicted felons or misdemeanants on probation or  
13 parole or receiving supervision or rehabilitation services as a result of their prior  
14 conviction, or mentally ill persons who have pled guilty but mentally ill to a crime or  
15 not guilty by reason of insanity to a crime. "Person with a disability" does not include  
16 persons with current, illegal use of alcohol or any controlled substance as regulated  
17 under KRS Chapter 218A.

18 **(3)**~~(2)~~ "Residential care facility" means a residence operated and maintained by a  
19 sponsoring private or governmental agency to provide services in a homelike setting  
20 for persons with disabilities.

21 **(4)** "Services" means, but is not limited to, supervision, shelter, protection, rehabilitation,  
22 personal development, and attendant care.

23 ➔Section 15. KRS 100.984 is amended to read as follows:

24 **(1)** Any sponsoring private or governmental agency shall be permitted to operate a  
25 residential care facility in any residential district, zone, or subdivision subject only to  
26 compliance with the same limitations upon area, height, yard, screening, parking,  
27 number of dwelling units, and number of occupants per dwelling unit as apply to

1 other residences in the district, zone, or subdivision. For purposes of determining the  
 2 number of occupants in a residential care facility, or in any of the dwelling units  
 3 which comprise the facility, employees of the sponsoring agency providing services  
 4 to persons with disabilities shall be counted only if their permanent residence is  
 5 maintained at the facility. No conditional use permit not otherwise required for other  
 6 residences within a zone or land use category shall be required for the operation of a  
 7 residential care facility.

8 **(2) Any sponsoring private agency or individual shall be permitted to operate a family**  
 9 **child-care home in any residential district, zone, or subdivision subject only to**  
 10 **compliance with the same limitations upon area, height, yard, screening, parking,**  
 11 **number of dwelling units, and number of occupants per dwelling unit as apply to**  
 12 **other residences in the district, zone, or subdivision. No conditional use permit not**  
 13 **otherwise required for other residences within a zone or land use category shall be**  
 14 **required for the operation of a family child-care home.**

15 ➔ Section 16. KRS 199.894 is amended to read as follows:

16 As used in KRS 199.892 to 199.896, unless the context otherwise requires:

17 (1) "Cabinet" means the Cabinet for Health and Family Services;

18 (2) "Secretary" means secretary for health and family services;

19 (3) **"Child Care Development Fund" has the same meaning as in 45 C.F.R. sec. 98.2;**

20 **(4) "Child Care Assistance Program" means the child care subsidy program**  
 21 **established in Section 17 of this Act;**

22 **(5)** "Child-care center" means any child-care center that provides full- or part-time care,  
 23 day or night, to four (4) or more children in a nonresidential setting who are not the  
 24 children, grandchildren, nieces, nephews, or children in legal custody of the operator.  
 25 "Child-care center" shall not include any child-care facility operated by a religious  
 26 organization while religious services are being conducted, or a youth development  
 27 agency. For the purposes of this section, "youth development agency" means a

1 program with tax-exempt status under 26 U.S.C. sec. 501(c)(3), which operates  
2 continuously throughout the year as an outside-school-hours center for youth who are  
3 six (6) years of age or older, and for which there are no fee or scheduled-care  
4 arrangements with the parent or guardian of the youth served;

5 ~~(6)~~~~(4)~~ "Department" means the Department for Community Based Services; and

6 ~~(7)~~~~(5)~~ "Family child-care home" means a private home that is the primary residence  
7 of an individual who provides full or part-time care day or night for six (6) or fewer  
8 children who are not the children, siblings, stepchildren, grandchildren, nieces,  
9 nephews, or children in legal custody of the provider.

10 ➔SECTION 17. A NEW SECTION OF KRS 199.892 to 199.8996 IS CREATED  
11 TO READ AS FOLLOWS:

12 **(1) The Child Care Assistance Program is hereby established within the cabinet. The**  
13 **Child Care Assistance Program shall utilize federal Child and Development Fund**  
14 **block grant funds to provide low-income families with financial support to find and**  
15 **afford quality child care.**

16 **(2) In administering the Child Care Assistance program, the cabinet shall:**

17 **(1) Establish income-based eligibility criteria for the program which shall not be**  
18 **less than eighty-five percent (85%) of the state's median income;**

19 **(2) Establish a minimum reimbursement rate for participating child care**  
20 **providers which shall not be less than eighty-five percent (85%) of the local**  
21 **market rate for child care providers;**

22 **(3) Establish a six (6) month benefit phase-out period for eligible participants**  
23 **whose income increase to amount in excess of the program's income**  
24 **eligibility criteria; and**

25 **(4) Prohibit participating child care providers from charging overages to**  
26 **program participants.**

27 **(3) The cabinet may promulgate administrative regulations necessary to carry out the**

1        **provisions of this section.**

2        ➔Section 18. KRS 139.010 is amended to read as follows:

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

4        (1) (a) "Admissions" means the fees paid for:

- 5                1. The right of entrance to a display, program, sporting event, music concert,  
6                     performance, play, show, movie, exhibit, fair, or other entertainment or  
7                     amusement event or venue; and
  - 8                2. The privilege of using facilities or participating in an event or activity,  
9                     including but not limited to:
    - 10                   a. Bowling centers;
    - 11                   b. Skating rinks;
    - 12                   c. Health spas;
    - 13                   d. Swimming pools;
    - 14                   e. Tennis courts;
    - 15                   f. Weight training facilities;
    - 16                   g. Fitness and recreational sports centers; and
    - 17                   h. Golf courses, both public and private;
- 18                     regardless of whether the fee paid is per use or in any other form,  
19                     including but not limited to an initiation fee, monthly fee, membership  
20                     fee, or combination thereof.

21        (b) "Admissions" does not include:

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

25        (2) "Advertising and promotional direct mail" means direct mail the primary purpose of  
26                which is to attract public attention to a product, person, business, or organization, or  
27                to attempt to sell, popularize, or secure financial support for a product, person,

1 business, or organization. As used in this definition, "product" means tangible  
2 personal property, an item transferred electronically, or a service;

3 (3) (a) "Breast pump" means an electrically or manually controlled pump device  
4 designed or marketed to be used to express milk from a human breast during  
5 lactation.

6 (b) "Breast pump" includes the electrically or manually controlled pump device  
7 and any battery, AC adapter, or other power supply unit packaged and sold  
8 with the pump device at the time of sale to power the pump device;

9 (4) (a) "Breast pump collection and storage supplies" means items of tangible  
10 personal property designed or marketed to be used in conjunction with a  
11 breast pump to collect milk expressed from a human breast and to store  
12 collected milk until it is ready for consumption.

13 (b) "Breast pump collection and storage supplies" includes but is not limited to:

14 1. Breast shields and breast shield connectors;

15 2. Breast pump tubes and tubing adapters;

16 3. Breast pump valves and membranes;

17 4. Backflow protectors and backflow protector adaptors;

18 5. Bottles and bottle caps specific to the operation of the breast pump;

19 6. Breast milk storage bags; and

20 7. Other items that may be useful to initiate, support, or sustain breast-  
21 feeding using a breast pump during lactation, that may be sold  
22 separately, but are generally sold as part of a breast pump kit.

23 (c) "Breast pump collection and storage supplies" does not include, unless sold  
24 as part of a breast pump kit prepackaged by the breast pump manufacturer  
25 or distributor:

26 1. Bottles and bottle caps not specific to the operation of the breast pump;

27 2. Breast pump travel bags and other similar carrying accessories,

1 including ice packs, labels, and other similar products;

2 3. Breast pump cleaning supplies;

3 4. Nursing bras, bra pads, breast shells, and other similar products; and

4 5. Creams, ointments, and other similar products that relieve  
5 breastfeeding-related symptoms or conditions of the breasts or nipples;

6 (5) "Breast pump kit" means a kit that contains a breast pump and one (1) or more of  
7 the following items:

8 (a) Breast pump collection and storage supplies; and

9 (b) Other taxable items of tangible personal property that may be useful to  
10 initiate, support, or sustain breastfeeding using a breast pump during  
11 lactation, so long as the other taxable items of tangible personal property sold  
12 with the breast pump kit at the time of sale are less than ten percent (10%) of  
13 the total sales price of the breast pump kit;

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

17 (7) "Children's diapers" are diapers marketed to be worn by children;

18 (8) (a) "Clothing" means all human wearing apparel suitable for general use.

19 (b) "Clothing" does not include children's diapers;

20 ~~(9)~~~~(4)~~ "Commonwealth" means the Commonwealth of Kentucky;

21 ~~(10)~~~~(5)~~ (a) "Cosmetic surgery services" means modifications to all areas of the head,  
22 neck, and body to enhance appearance through surgical and medical techniques.

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

26 ~~(11)~~~~(6)~~ "Department" means the Department of Revenue;

27 (12) "Diaper" means an absorbent garment worn by humans who are incapable of, or

1 **have difficulty, controlling their bladder or bowel movements;**

2 **(13)**~~(7)~~ (a) "Digital audio-visual works" means a series of related images which,  
3 when shown in succession, impart an impression of motion, with accompanying  
4 sounds, if any.

5 (b) "Digital audio-visual works" includes movies, motion pictures, musical videos,  
6 news and entertainment programs, and live events.

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

9 **(14)**~~(8)~~ (a) "Digital audio works" means works that result from the fixation of a series  
10 of musical, spoken, or other sounds.

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

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

16 **(15)**~~(9)~~ (a) "Digital books" means works that are generally recognized in the ordinary  
17 and usual sense as books, including any literary work expressed in words,  
18 numbers, or other verbal or numerical symbols or indicia if the literary work is  
19 generally recognized in the ordinary or usual sense as a book.

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

23 **(16)**~~(10)~~ (a) "Digital code" means a code which provides a purchaser with a right to  
24 obtain one (1) or more types of digital property. A "digital code" may be  
25 obtained by any means, including electronic mail messaging or by tangible  
26 means, regardless of the code's designation as a song code, video code, or book  
27 code.



- 1 (b) "Digital code" shall not include a code that represents:
- 2 1. A stored monetary value that is deducted from a total as it is used by the
- 3 purchaser; or
- 4 2. A redeemable card, gift card, or gift certificate that entitles the holder to
- 5 select specific types of digital property;

- 6 ~~(17)~~~~(11)~~ (a) "Digital property" means any of the following which is transferred
- 7 electronically:
- 8 1. Digital audio works;
- 9 2. Digital books;
- 10 3. Finished artwork;
- 11 4. Digital photographs;
- 12 5. Periodicals;
- 13 6. Newspapers;
- 14 7. Magazines;
- 15 8. Video greeting cards;
- 16 9. Audio greeting cards;
- 17 10. Video games;
- 18 11. Electronic games; or
- 19 12. Any digital code related to this property.

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

- 22 ~~(18)~~~~(12)~~ (a) "Direct mail" means printed material delivered or distributed by United
- 23 States mail or other delivery service to a mass audience or to addressees on a
- 24 mailing list provided by the purchaser or at the direction of the purchaser when
- 25 the cost of the items are not billed directly to the recipient.

- 26 (b) "Direct mail" includes tangible personal property supplied directly or indirectly
- 27 by the purchaser to the direct mail retailer for inclusion in the package

1 containing the printed material.

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

4 (19)~~[(13)]~~ "Directly used in the manufacturing or industrial processing process" means the  
5 process that commences with the movement of raw materials from storage into a  
6 continuous, unbroken, integrated process and ends when the finished product is  
7 packaged and ready for sale;

8 (20)~~[(14)]~~ (a) "Executive employee recruitment services" means services provided by a  
9 person to locate potential candidates to fill open senior-level management  
10 positions.

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

15 (21)~~[(15)]~~ (a) "Extended warranty services" means services provided through a service  
16 contract agreement between the contract provider and the purchaser where the  
17 purchaser agrees to pay compensation for the contract and the provider agrees  
18 to repair, replace, support, or maintain tangible personal property, digital  
19 property, real property, or prewritten computer software access services  
20 according to the terms of the contract.

21 (b) "Extended warranty services" does not include the sale of a service contract  
22 agreement for tangible personal property to be used by a small telephone utility  
23 as defined in KRS 278.516 or a Tier III CMRS provider as defined in KRS  
24 65.7621 to deliver communications services as defined in KRS 136.602 or  
25 broadband;

26 (22)~~[(16)]~~ (a) "Finished artwork" means final art that is used for actual reproduction by  
27 photomechanical or other processes or for display purposes.

1 (b) "Finished artwork" includes:

- 2 1. Assemblies;
- 3 2. Charts;
- 4 3. Designs;
- 5 4. Drawings;
- 6 5. Graphs;
- 7 6. Illustrative materials;
- 8 7. Lettering;
- 9 8. Mechanicals;
- 10 9. Paintings; and
- 11 10. Paste-ups;

12 ~~(23)~~<sup>(17)</sup> (a) "Gross receipts" and "sales price" mean the total amount or consideration,  
13 including cash, credit, property, and services, for which tangible personal  
14 property, digital property, or services are sold, leased, or rented, valued in  
15 money, whether received in money or otherwise, without any deduction for any  
16 of the following:

- 17 1. The retailer's cost of the tangible personal property, digital property, or  
18 services sold;
- 19 2. The cost of the materials used, labor or service cost, interest, losses, all  
20 costs of transportation to the retailer, all taxes imposed on the retailer, or  
21 any other expense of the retailer;
- 22 3. Charges by the retailer for any services necessary to complete the sale;
- 23 4. Delivery charges, which are defined as charges by the retailer for the  
24 preparation and delivery to a location designated by the purchaser  
25 including transportation, shipping, postage, handling, crating, and  
26 packing;
- 27 5. Any amount for which credit is given to the purchaser by the retailer,

- 1 other than credit for tangible personal property or digital property traded  
2 when the tangible personal property or digital property traded is of like  
3 kind and character to the property purchased and the property traded is  
4 held by the retailer for resale; and
- 5 6. The amount charged for labor or services rendered in installing or  
6 applying the tangible personal property, digital property, or service sold.
- 7 (b) "Gross receipts" and "sales price" shall include consideration received by the  
8 retailer from a third party if:
- 9 1. The retailer actually receives consideration from a third party and the  
10 consideration is directly related to a price reduction or discount on the  
11 sale to the purchaser;
- 12 2. The retailer has an obligation to pass the price reduction or discount  
13 through to the purchaser;
- 14 3. The amount of consideration attributable to the sale is fixed and  
15 determinable by the retailer at the time of the sale of the item to the  
16 purchaser; and
- 17 4. One (1) of the following criteria is met:
- 18 a. The purchaser presents a coupon, certificate, or other  
19 documentation to the retailer to claim a price reduction or discount  
20 where the coupon, certificate, or documentation is authorized,  
21 distributed, or granted by a third party with the understanding that  
22 the third party will reimburse any seller to whom the coupon,  
23 certificate, or documentation is presented;
- 24 b. The price reduction or discount is identified as a third-party price  
25 reduction or discount on the invoice received by the purchaser or on  
26 a coupon, certificate, or other documentation presented by the  
27 purchaser; or

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

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

- 6           1. Discounts, including cash, term, or coupons that are not reimbursed by a  
7           third party and that are allowed by a retailer and taken by a purchaser on  
8           a sale;
- 9           2. Interest, financing, and carrying charges from credit extended on the sale  
10           of tangible personal property, digital property, or services, if the amount  
11           is separately stated on the invoice, bill of sale, or similar document given  
12           to the purchaser;
- 13           3. Any taxes legally imposed directly on the purchaser that are separately  
14           stated on the invoice, bill of sale, or similar document given to the  
15           purchaser; or
- 16           4. Local alcohol regulatory license fees authorized under KRS 243.075 that  
17           are separately stated on the invoice, bill of sale, or similar document given  
18           to the purchaser.

19           (d) As used in this subsection, "third party" means a person other than the  
20           purchaser;

21           ~~(24)~~<sup>(18)</sup> "In this state" or "in the state" means within the exterior limits of the  
22           Commonwealth and includes all territory within these limits owned by or ceded to  
23           the United States of America;

24           ~~(25)~~<sup>(19)</sup> "Industrial processing" includes:

- 25           (a) Refining;
- 26           (b) Extraction of minerals, ores, coal, clay, stone, petroleum, or natural gas;
- 27           (c) Mining, quarrying, fabricating, and industrial assembling;

1 (d) The processing and packaging of raw materials, in-process materials, and  
2 finished products; and

3 (e) The processing and packaging of farm and dairy products for sale;

4 ~~(26)~~<sup>(20)</sup> (a) "Lease or rental" means any transfer of possession or control of tangible  
5 personal property for a fixed or indeterminate term for consideration. A lease  
6 or rental shall include future options to:

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

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

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

26 (c) This definition shall apply regardless of the classification of a transaction under  
27 generally accepted accounting principles, the Internal Revenue Code, or other

1 provisions of federal, state, or local law;

2 ~~(27)~~~~(21)~~ (a) "Lobbying services" means the act of promoting or securing passage of  
3 legislation or an attempt to influence or sway a public official or other public  
4 servant toward a desired action, including but not limited to the support of or  
5 opposition to a project or the passage, amendment, defeat, approval, or veto of  
6 any legislation, regulation, rule, or ordinance;

7 (b) "Lobbying services" includes but is not limited to the performance of activities  
8 described as executive agency lobbying activities as defined in KRS 11A.201,  
9 activities described under the definition of lobby in KRS 6.611, and any similar  
10 activities performed at the local, state, or federal levels;

11 ~~(28)~~~~(22)~~ (a) "Machinery for new and expanded industry" means machinery:

12 1. Directly used in the manufacturing or industrial processing process of:

13 a. Tangible personal property at a plant facility;

14 b. Distilled spirits or wine at a plant facility or on the premises of a  
15 distiller, rectifier, winery, or small farm winery licensed under KRS  
16 243.030 that includes a retail establishment on the premises; or

17 c. Malt beverages at a plant facility or on the premises of a brewer or  
18 microbrewery licensed under KRS 243.040 that includes a retail  
19 establishment;

20 2. Which is incorporated for the first time into:

21 a. A plant facility established in this state; or

22 b. Licensed premises located in this state; and

23 3. Which does not replace machinery in the plant facility or licensed  
24 premises unless that machinery purchased to replace existing machinery:

25 a. Increases the consumption of recycled materials at the plant facility  
26 by not less than ten percent (10%);

27 b. Performs different functions;

- 1 c. Is used to manufacture a different product; or  
2 d. Has a greater productive capacity, as measured in units of  
3 production, than the machinery being replaced.

4 (b) "Machinery for new and expanded industry" does not include repair,  
5 replacement, or spare parts of any kind, regardless of whether the purchase of  
6 repair, replacement, or spare parts is required by the manufacturer or seller as a  
7 condition of sale or as a condition of warranty;

8 ~~(29)~~<sup>(23)</sup> "Manufacturing" means any process through which material having little or no  
9 commercial value for its intended use before processing has appreciable commercial  
10 value for its intended use after processing by the machinery;

11 ~~(30)~~<sup>(24)</sup> "Marketplace" means any physical or electronic means through which one (1)  
12 or more retailers may advertise and sell tangible personal property, digital property,  
13 or services, or lease tangible personal property or digital property, such as a catalog,  
14 Internet website, or television or radio broadcast, regardless of whether the tangible  
15 personal property, digital property, or retailer is physically present in this state;

16 ~~(31)~~<sup>(25)</sup> (a) "Marketplace provider" means a person, including any affiliate of the  
17 person, that facilitates a retail sale by satisfying subparagraphs 1. and 2. of this  
18 paragraph as follows:

- 19 1. The person directly or indirectly:
- 20 a. Lists, makes available, or advertises tangible personal property,  
21 digital property, or services for sale by a marketplace retailer in a  
22 marketplace owned, operated, or controlled by the person;
- 23 b. Facilitates the sale of a marketplace retailer's product through a  
24 marketplace by transmitting or otherwise communicating an offer  
25 or acceptance of a retail sale of tangible personal property, digital  
26 property, or services between a marketplace retailer and a purchaser  
27 in a forum including a shop, store, booth, catalog, Internet site, or



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

- 1 a. Collects the sales price or purchase price of a retail sale of tangible  
2 personal property, digital property, or services;
- 3 b. Provides payment processing services for a retail sale of tangible  
4 personal property, digital property, or services;
- 5 c. Through terms and conditions, agreements, or arrangements with a  
6 third party, collects payment in connection with a retail sale of  
7 tangible personal property, digital property, or services from a  
8 purchaser and transmits that payment to the marketplace retailer,  
9 regardless of whether the person collecting and transmitting the  
10 payment receives compensation or other consideration in exchange  
11 for the service; or
- 12 d. Provides a virtual currency that purchasers are allowed or required  
13 to use to purchase tangible personal property, digital property, or  
14 services.
- 15 (b) "Marketplace provider" includes but is not limited to a person that satisfies the  
16 requirements of this subsection through the ownership, operation, or control of  
17 a digital distribution service, digital distribution platform, online portal, or  
18 application store;
- 19 ~~(32)~~~~(26)~~ "Marketplace retailer" means a seller that makes retail sales through any  
20 marketplace owned, operated, or controlled by a marketplace provider;
- 21 ~~(33)~~~~(27)~~ (a) "Occasional sale" includes:
- 22 1. A sale of tangible personal property or digital property not held or used  
23 by a seller in the course of an activity for which he or she is required to  
24 hold a seller's permit, provided such sale is not one (1) of a series of sales  
25 sufficient in number, scope, and character to constitute an activity  
26 requiring the holding of a seller's permit. In the case of the sale of the  
27 entire, or a substantial portion of the nonretail assets of the seller, the

1 number of previous sales of similar assets shall be disregarded in  
2 determining whether or not the current sale or sales shall qualify as an  
3 occasional sale; or

4 2. Any transfer of all or substantially all the tangible personal property or  
5 digital property held or used by a person in the course of such an activity  
6 when after such transfer the real or ultimate ownership of such property  
7 is substantially similar to that which existed before such transfer.

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

12 ~~(34)~~~~(28)~~ (a) "Other direct mail" means any direct mail that is not advertising and  
13 promotional direct mail, regardless of whether advertising and promotional  
14 direct mail is included in the same mailing.

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

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

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

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

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

27 ~~(35)~~~~(29)~~ "Person" includes any individual, firm, copartnership, joint venture,

1 association, social club, fraternal organization, corporation, estate, trust, business  
2 trust, receiver, trustee, syndicate, cooperative, assignee, governmental unit or agency,  
3 or any other group or combination acting as a unit;

4 ~~(36)~~~~(30)~~ "Permanent," as the term applies to digital property, means perpetual or for an  
5 indefinite or unspecified length of time;

6 ~~(37)~~~~(31)~~ (a) "Photography and photofinishing services" means:

- 7 1. The taking, developing, or printing of an original photograph; or
- 8 2. Image editing, including shadow removal, tone adjustments, vertical and  
9 horizontal alignment and cropping, composite image creation, formatting,  
10 watermarking printing, and delivery of an original photograph in the form  
11 of tangible personal property, digital property, or other media.

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

14 ~~(38)~~~~(32)~~ "Plant facility" means a single location that is exclusively dedicated to  
15 manufacturing or industrial processing activities. A location shall be deemed to be  
16 exclusively dedicated to manufacturing or industrial processing activities even if  
17 retail sales are made there, provided that the retail sales are incidental to the  
18 manufacturing or industrial processing activities occurring at the location. The term  
19 "plant facility" shall not include any restaurant, grocery store, shopping center, or  
20 other retail establishment;

21 ~~(39)~~~~(33)~~ (a) "Prewritten computer software" means:

- 22 1. Computer software, including prewritten upgrades, that are not designed  
23 and developed by the author or other creator to the specifications of a  
24 specific purchaser;
- 25 2. Software designed and developed by the author or other creator to the  
26 specifications of a specific purchaser when it is sold to a person other than  
27 the original purchaser; or

1           3. Any portion of prewritten computer software that is modified or enhanced  
2           in any manner, where the modification or enhancement is designed and  
3           developed to the specifications of a specific purchaser, unless there is a  
4           reasonable, separately stated charge on an invoice or other statement of  
5           the price to the purchaser for the modification or enhancement.

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

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

12        (40)~~[(34)]~~ "Prewritten computer software access services" means the right of access to  
13          prewritten computer software where the object of the transaction is to use the  
14          prewritten computer software while possession of the prewritten computer software  
15          is maintained by the seller or a third party, wherever located, regardless of whether  
16          the charge for the access or use is on a per use, per user, per license, subscription, or  
17          some other basis;

18        (41)~~[(35)]~~ (a) "Purchase" means any transfer of title or possession, exchange, barter,  
19          lease, or rental, conditional or otherwise, in any manner or by any means  
20          whatsoever, of:

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

26        (b) "Purchase" includes:

- 27           1. When performed outside this state or when the customer gives a resale

1 certificate, the producing, fabricating, processing, printing, or imprinting  
2 of tangible personal property for a consideration for consumers who  
3 furnish either directly or indirectly the materials used in the producing,  
4 fabricating, processing, printing, or imprinting;

5 2. A transaction whereby the possession of tangible personal property or  
6 digital property is transferred but the seller retains the title as security for  
7 the payment of the price; and

8 3. A transfer for a consideration of the title or possession of tangible  
9 personal property or digital property which has been produced, fabricated,  
10 or printed to the special order of the customer, or of any publication;

11 ~~(42)~~~~[(36)]~~ "Recycled materials" means materials which have been recovered or diverted  
12 from the solid waste stream and reused or returned to use in the form of raw materials  
13 or products;

14 ~~(43)~~~~[(37)]~~ "Recycling purposes" means those activities undertaken in which materials that  
15 would otherwise become solid waste are collected, separated, or processed in order  
16 to be reused or returned to use in the form of raw materials or products;

17 ~~(44)~~~~[(38)]~~ "Remote retailer" means a retailer with no physical presence in this state;

18 ~~(45)~~~~[(39)]~~ (a) "Repair, replacement, or spare parts" means any tangible personal  
19 property used to maintain, restore, mend, or repair machinery or equipment.

20 (b) "Repair, replacement, or spare parts" does not include machine oils, grease, or  
21 industrial tools;

22 ~~(46)~~~~[(40)]~~ (a) "Retailer" means:

23 1. Every person engaged in the business of making retail sales of tangible  
24 personal property, digital property, or furnishing any services in a retail  
25 sale included in KRS 139.200;

26 2. Every person engaged in the business of making sales at auction of  
27 tangible personal property or digital property owned by the person or

1 others for storage, use or other consumption, except as provided in  
2 paragraph (c) of this subsection;

3 3. Every person making more than two (2) retail sales of tangible personal  
4 property, digital property, or services included in KRS 139.200 during  
5 any twelve (12) month period, including sales made in the capacity of  
6 assignee for the benefit of creditors, or receiver or trustee in bankruptcy;

7 4. Any person conducting a race meeting under the provision of KRS  
8 Chapter 230, with respect to horses which are claimed during the meeting.

9 (b) When the department determines that it is necessary for the efficient  
10 administration of this chapter to regard any salesmen, representatives, peddlers,  
11 or canvassers as the agents of the dealers, distributors, supervisors or employers  
12 under whom they operate or from whom they obtain the tangible personal  
13 property, digital property, or services sold by them, irrespective of whether they  
14 are making sales on their own behalf or on behalf of the dealers, distributors,  
15 supervisors or employers, the department may so regard them and may regard  
16 the dealers, distributors, supervisors or employers as retailers for purposes of  
17 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 ~~(47)~~~~(41)~~ "Retail sale" means any sale, lease, or rental for any purpose other than resale,  
12 sublease, or subrent;
- 13 ~~(48)~~~~(42)~~ (a) "Ringtones" means digitized sound files that are downloaded onto a  
14 device and that may be used to alert the customer with respect to a  
15 communication.
- 16 (b) "Ringtones" shall not include ringback tones or other digital files that are not  
17 stored on the purchaser's communications device;
- 18 ~~(49)~~~~(43)~~ (a) "Sale" means:  
19 1. The furnishing of any services included in KRS 139.200;  
20 2. Any transfer of title or possession, exchange, barter, lease, or rental,  
21 conditional or otherwise, in any manner or by any means whatsoever, 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 tangible  
27 personal property or digital property for a consideration for purchasers



1           who furnish, either directly or indirectly, the materials used in the  
2           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 for  
5           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, fabricated,  
8           or printed to the special order of the purchaser.

9           (c) This definition shall apply regardless of the classification of a transaction under  
10           generally accepted accounting principles, the Internal Revenue Code, or other  
11           provisions of federal, state, or local law;

12       (50)~~[(44)]~~ "Seller" includes every person engaged in the business of selling tangible  
13           personal property, digital property, or services of a kind, the gross receipts from the  
14           retail sale of which are required to be included in the measure of the sales tax, and  
15           every person engaged in making sales for resale;

16       (51)~~[(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 computer  
19           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 for  
23           the purpose of being processed, fabricated, or manufactured into, attached to,  
24           or incorporated into, other tangible personal property to be transported outside  
25           the state and thereafter used solely outside the state;

26       (52)~~[(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 ~~(53)~~~~(47)~~ "Taxpayer" means any person liable for tax under this chapter;

4 ~~(54)~~~~(48)~~ "Telemarketing services" means services provided via telephone, facsimile,  
5 electronic mail, text messages, or other modes of communications to another person,  
6 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; or  
10 (b) Soliciting contributions;

11 ~~(55)~~~~(49)~~ "Transferred electronically" means accessed or obtained by the purchaser by  
12 means other than tangible storage media; and

13 ~~(56)~~~~(50)~~ (a) "Use" includes the exercise of:

- 14 1. Any right or power over tangible personal property or digital property  
15 incident to the ownership of that property, or by any transaction in which  
16 possession is given, or by any transaction involving digital property or  
17 tangible personal property where the right of access is granted; or  
18 2. Any right or power to benefit from any services subject to tax under KRS  
19 139.200(2)(p) to (ax).

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

- 22 1. Tangible personal property or digital property for the purpose of:  
23 a. Selling tangible personal property or digital property in the regular  
24 course of business; or  
25 b. Subsequently transporting tangible personal property outside the  
26 state for use thereafter solely outside the state, or for the purpose of  
27 being processed, fabricated, or manufactured into, attached to, or

1 incorporated into, other tangible personal property to be transported  
2 outside the state and thereafter used solely outside the state; or

3 2. Prewritten computer software access services purchased for use outside  
4 the state and transferred electronically outside the state for use thereafter  
5 solely outside the state.

6 ➔Section 19. KRS 139.480 (Effective until January 1, 2025) is amended to read as  
7 follows:

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

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

14 (2) Coal for the manufacture of electricity;

15 (3) (a) All energy or energy-producing fuels used in the course of manufacturing,  
16 processing, mining, or refining and any related distribution, transmission, and  
17 transportation services for this energy that are billed to the user, to the extent  
18 that the cost of the energy or energy-producing fuels used, and related  
19 distribution, transmission, and transportation services for this energy that are  
20 billed to the user exceed three percent (3%) of the cost of production.

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

25 (c) A person who performs a manufacturing or industrial processing activity for a  
26 fee and does not take ownership of the tangible personal property that is  
27 incorporated into, or becomes the product of, the manufacturing or industrial

1 processing activity is a toller. For periods on or after July 1, 2018, the costs of  
2 the tangible personal property shall be excluded from the toller's cost of  
3 production at a plant facility with tolling operations in place as of July 1, 2018.

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

- 7 1. Maintains a binding contract for periods after July 1, 2018, that governs  
8 the terms, conditions, and responsibilities with a separate legal entity,  
9 which holds title to the tangible personal property that is incorporated  
10 into, or becomes the product of, the manufacturing or industrial  
11 processing activity;
- 12 2. Maintains accounting records that show the expenses it incurs to fulfill  
13 the binding contract that include but are not limited to energy or energy-  
14 producing fuels, materials, labor, procurement, depreciation,  
15 maintenance, taxes, administration, and office expenses;
- 16 3. Maintains separate payroll, bank accounts, tax returns, and other records  
17 that demonstrate its independent operations in the performance of its  
18 tolling responsibilities;
- 19 4. Demonstrates one (1) or more substantial business purposes for the tolling  
20 operations germane to the overall manufacturing, industrial processing  
21 activities, or corporate structure at the plant facility. A business purpose  
22 is a purpose other than the reduction of sales tax liability for the purchases  
23 of energy and energy-producing fuels; and
- 24 5. Provides information to the department upon request that documents  
25 fulfillment of the requirements in subparagraphs 1. to 4. of this paragraph  
26 and gives an overview of its tolling operations with an explanation of how  
27 the tolling operations relate and connect with all other manufacturing or

- 1 industrial processing activities occurring at the plant facility;
- 2 (4) Livestock of a kind the products of which ordinarily constitute food for human  
3 consumption, provided the sales are made for breeding or dairy purposes and by or  
4 to a person regularly engaged in the business of farming;
- 5 (5) Poultry for use in breeding or egg production;
- 6 (6) Farm work stock for use in farming operations;
- 7 (7) Seeds, the products of which ordinarily constitute food for human consumption or  
8 are to be sold in the regular course of business, and commercial fertilizer to be applied  
9 on land, the products from which are to be used for food for human consumption or  
10 are to be sold in the regular course of business; provided such sales are made to  
11 farmers who are regularly engaged in the occupation of tilling and cultivating the soil  
12 for the production of crops as a business, or who are regularly engaged in the  
13 occupation of raising and feeding livestock or poultry or producing milk for sale; and  
14 provided further that tangible personal property so sold is to be used only by those  
15 persons designated above who are so purchasing;
- 16 (8) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals to be used  
17 in the production of crops as a business, or in the raising and feeding of livestock or  
18 poultry, the products of which ordinarily constitute food for human consumption;
- 19 (9) Feed, including pre-mixes and feed additives, for livestock or poultry of a kind the  
20 products of which ordinarily constitute food for human consumption;
- 21 (10) Machinery for new and expanded industry;
- 22 (11) Farm machinery. As used in this section, the term "farm machinery":
- 23 (a) Means machinery used exclusively and directly in the occupation of:
- 24 1. Tilling the soil for the production of crops as a business;
- 25 2. Raising and feeding livestock or poultry for sale; or
- 26 3. Producing milk for sale;
- 27 (b) Includes machinery, attachments, and replacements therefor, repair parts, and

1 replacement parts which are used or manufactured for use on, or in the  
2 operation of farm machinery and which are necessary to the operation of the  
3 machinery, and are customarily so used, including but not limited to combine  
4 header wagons, combine header trailers, or any other implements specifically  
5 designed and used to move or transport a combine head; and

6 (c) Does not include:

- 7 1. Automobiles;
- 8 2. Trucks;
- 9 3. Trailers, except combine header trailers; or
- 10 4. Truck-trailer combinations;

11 (12) Tombstones and other memorial grave markers;

12 (13) On-farm facilities used exclusively for grain or soybean storing, drying, processing,  
13 or handling. The exemption applies to the equipment, machinery, attachments, repair  
14 and replacement parts, and any materials incorporated into the construction,  
15 renovation, or repair of the facilities;

16 (14) On-farm facilities used exclusively for raising poultry or livestock. The exemption  
17 shall apply to the equipment, machinery, attachments, repair and replacement parts,  
18 and any materials incorporated into the construction, renovation, or repair of the  
19 facilities. The exemption shall apply but not be limited to vent board equipment,  
20 waterer and feeding systems, brooding systems, ventilation systems, alarm systems,  
21 and curtain systems. In addition, the exemption shall apply whether or not the seller  
22 is under contract to deliver, assemble, and incorporate into real estate the equipment,  
23 machinery, attachments, repair and replacement parts, and any materials incorporated  
24 into the construction, renovation, or repair of the facilities;

25 (15) Gasoline, special fuels, liquefied petroleum gas, and natural gas used exclusively and  
26 directly to:

27 (a) Operate farm machinery as defined in subsection (11) of this section;

- 1 (b) Operate on-farm grain or soybean drying facilities as defined in subsection (13)  
2 of this section;
- 3 (c) Operate on-farm poultry or livestock facilities defined in subsection (14) of this  
4 section;
- 5 (d) Operate on-farm ratite facilities defined in subsection (23) of this section;
- 6 (e) Operate on-farm llama or alpaca facilities as defined in subsection (25) of this  
7 section; or
- 8 (f) Operate on-farm dairy facilities;
- 9 (16) Textbooks, including related workbooks and other course materials, purchased for  
10 use in a course of study conducted by an institution which qualifies as a nonprofit  
11 educational institution under KRS 139.495. The term "course materials" means only  
12 those items specifically required of all students for a particular course but shall not  
13 include notebooks, paper, pencils, calculators, tape recorders, or similar student aids;
- 14 (17) Any property which has been certified as an alcohol production facility as defined in  
15 KRS 247.910;
- 16 (18) Aircraft, repair and replacement parts therefor, and supplies, except fuel, for the  
17 direct operation of aircraft in interstate commerce and used exclusively for the  
18 conveyance of property or passengers for hire. Nominal intrastate use shall not  
19 subject the property to the taxes imposed by this chapter;
- 20 (19) Any property which has been certified as a fluidized bed energy production facility  
21 as defined in KRS 211.390;
- 22 (20) (a) 1. Any property to be incorporated into the construction, rebuilding,  
23 modification, or expansion of a blast furnace or any of its components or  
24 appurtenant equipment or structures as part of an approved supplemental  
25 project, as defined by KRS 154.26-010; and
- 26 2. Materials, supplies, and repair or replacement parts purchased for use in  
27 the operation and maintenance of a blast furnace and related carbon steel-

1 making operations as part of an approved supplemental project, as defined  
2 by KRS 154.26-010.

3 (b) The exemptions provided in this subsection shall be effective for sales made:

4 1. On and after July 1, 2018; and

5 2. During the term of a supplemental project agreement entered into  
6 pursuant to KRS 154.26-090;

7 (21) Beginning on October 1, 1986, food or food products purchased for human  
8 consumption with food coupons issued by the United States Department of  
9 Agriculture pursuant to the Food Stamp Act of 1977, as amended, and required to be  
10 exempted by the Food Security Act of 1985 in order for the Commonwealth to  
11 continue participation in the federal food stamp program;

12 (22) Machinery or equipment purchased or leased by a business, industry, or organization  
13 in order to collect, source separate, compress, bale, shred, or otherwise handle waste  
14 materials if the machinery or equipment is primarily used for recycling purposes;

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

18 (a) Feed and feed additives;

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

21 (c) On-farm facilities, including equipment, machinery, attachments, repair and  
22 replacement parts, and any materials incorporated into the construction,  
23 renovation, or repair of the facilities. The exemption shall apply to incubation  
24 systems, egg processing equipment, waterer and feeding systems, brooding  
25 systems, ventilation systems, alarm systems, and curtain systems. In addition,  
26 the exemption shall apply whether or not the seller is under contract to deliver,  
27 assemble, and incorporate into real estate the equipment, machinery,



1 attachments, repair and replacement parts, and any materials incorporated into  
2 the construction, renovation, or repair of the facilities;

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

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

9 (a) Feed and feed additives;

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

12 (c) 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. The exemption shall apply to waterer and  
15 feeding systems, ventilation systems, and alarm systems. In addition, the  
16 exemption shall apply whether or not the seller is under contract to deliver,  
17 assemble, and incorporate into real estate the equipment, machinery,  
18 attachments, repair and replacement parts, and any materials incorporated into  
19 the construction, renovation, or repair of the facilities;

20 (26) Baling twine and baling wire for the baling of hay and straw;

21 (27) Water sold to a person regularly engaged in the business of farming and used in the:

22 (a) Production of crops;

23 (b) Production of milk for sale; or

24 (c) Raising and feeding of:

25 1. Livestock or poultry, the products of which ordinarily constitute food for  
26 human consumption; or

27 2. Ratites, llamas, alpacas, buffalo, cervids or aquatic organisms;

- 1 (28) Buffalos to be used as beasts of burden or in an agricultural pursuit for the production  
2 of hides, breeding stock, meat, and buffalo by-products, and the following items used  
3 in this pursuit:
- 4 (a) Feed and feed additives;
  - 5 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
  - 6 and
  - 7 (c) On-farm facilities, including equipment, machinery, attachments, repair and  
8 replacement parts, and any materials incorporated into the construction,  
9 renovation, or repair of the facilities. The exemption shall apply to waterer and  
10 feeding systems, ventilation systems, and alarm systems. In addition, the  
11 exemption shall apply whether or not the seller is under contract to deliver,  
12 assemble, and incorporate into real estate the equipment, machinery,  
13 attachments, repair and replacement parts, and any materials incorporated into  
14 the construction, renovation, or repair of the facilities;
- 15 (29) Aquatic organisms sold directly to or raised by a person regularly engaged in the  
16 business of producing products of aquaculture, as defined in KRS 260.960, for sale,  
17 and the following items used in this pursuit:
- 18 (a) Feed and feed additives;
  - 19 (b) Water;
  - 20 (c) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
  - 21 and
  - 22 (d) On-farm facilities, including equipment, machinery, attachments, repair and  
23 replacement parts, and any materials incorporated into the construction,  
24 renovation, or repair of the facilities and, any gasoline, special fuels, liquefied  
25 petroleum gas, or natural gas used to operate the facilities. The exemption shall  
26 apply, but not be limited to: waterer and feeding systems; ventilation, aeration,  
27 and heating systems; processing and storage systems; production systems such

1 as ponds, tanks, and raceways; harvest and transport equipment and systems;  
2 and alarm systems. In addition, the exemption shall apply whether or not the  
3 seller is under contract to deliver, assemble, and incorporate into real estate the  
4 equipment, machinery, attachments, repair and replacement parts, and any  
5 materials incorporated into the construction, renovation, or repair of the  
6 facilities;

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

10 (a) Feed and feed additives;

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

12 (c) On-site facilities, including equipment, machinery, attachments, repair and  
13 replacement parts, and any materials incorporated into the construction,  
14 renovation, or repair of the facilities. In addition, the exemption shall apply  
15 whether or not the seller is under contract to deliver, assemble, and incorporate  
16 into real estate the equipment, machinery, attachments, repair and replacement  
17 parts, and any materials incorporated into the construction, renovation, or repair  
18 of the facilities;

19 (31) (a) Repair or replacement parts for the direct operation or maintenance of a motor  
20 vehicle, including any towed unit, used exclusively in interstate commerce for  
21 the conveyance of property or passengers for hire, provided the motor vehicle  
22 is licensed for use on the highway and its declared gross vehicle weight with  
23 any towed unit is forty-four thousand and one (44,001) pounds or greater.  
24 Nominal intrastate use shall not subject the property to the taxes imposed by  
25 this chapter; and

26 (b) Repair or replacement parts for the direct operation and maintenance of a motor  
27 vehicle operating under a charter bus certificate issued by the Transportation

1 Cabinet under KRS Chapter 281, or under similar authority granted by the  
2 United States Department of Transportation.

3 (c) For the purposes of this subsection, "repair or replacement parts" means tires,  
4 brakes, engines, transmissions, drive trains, chassis, body parts, and their  
5 components. "Repair or replacement parts" shall not include fuel, machine oils,  
6 hydraulic fluid, brake fluid, grease, supplies, or accessories not essential to the  
7 operation of the motor vehicle itself, except when sold as part of the assembled  
8 unit, such as cigarette lighters, radios, lighting fixtures not otherwise required  
9 by the manufacturer for operation of the vehicle, or tool or utility boxes;

10 (32) Food donated by a retail food establishment or any other entity regulated under KRS  
11 217.127 to a nonprofit organization for distribution to the needy;

12 (33) Drugs and over-the counter drugs, as defined in KRS 139.472, that are purchased by  
13 a person regularly engaged in the business of farming and used in the treatment of  
14 cattle, sheep, goats, swine, poultry, ratite birds, llamas, alpacas, buffalo, aquatic  
15 organisms, or cervids;

16 (34) (a) Building materials, fixtures, or supplies purchased by a construction contractor  
17 if:

18 1. Fulfilled by a construction contract for a sewer or water project with:

19 a. A municipally owned water utility organized under KRS Chapter  
20 96;

21 b. A water district or water commission formed or organized under  
22 KRS Chapter 74;

23 c. A sanitation district established under KRS Chapter 220 or formed  
24 pursuant to KRS Chapter 65;

25 d. A nonprofit corporation created under KRS 58.180 to act on behalf  
26 of a governmental agency in the acquisition and financing of public  
27 projects;

- 1 e. Regional wastewater commissions formed under KRS Chapter 278;
- 2 f. A municipally owned joint sewer agency formed under KRS
- 3 Chapter 76; or
- 4 g. Any other governmental agency; and
- 5 2. The building materials, fixtures, or supplies:
- 6 a. Will be permanently incorporated into a structure or improvement
- 7 to real property, or will be completely consumed, in fulfilling a
- 8 construction contract for the purpose of furnishing water or sewer
- 9 services to the general public; and
- 10 b. Would be exempt if purchased directly by the entities listed in
- 11 subparagraph 1. of this paragraph.
- 12 (b) As used in this subsection, "construction contract" means a:
- 13 1. Lump sum contract;
- 14 2. Cost plus contract;
- 15 3. Materials only contract;
- 16 4. Labor and materials contract; or
- 17 5. Any other type of contract.
- 18 (c) The exemption provided in this subsection shall apply without regard to the
- 19 payment arrangement between the construction contractor, the retailer, and the
- 20 entities listed in paragraph (a)1. of this subsection or to the place of delivery for
- 21 the building materials, fixtures, or supplies;
- 22 (35) (a) On or after February 25, 2022, the rental of space for meetings, conventions,
- 23 short-term business uses, entertainment events, weddings, banquets, parties,
- 24 and other short-term social events, as referenced in KRS 139.200, if the tax
- 25 established in KRS 139.200 is paid by the primary lessee to the lessor.
- 26 (b) For the purpose of this subsection, "primary lessee" means the person who
- 27 leases the space and who has a contract with the lessor of the space only if:

- 1           1. The contract between the lessor and the lessee specifies that the lessee  
2           may sublease, subrent, or otherwise sell the space;~~and~~
- 3           2. The space is then sublet, subrented, or otherwise sold to exhibitors,  
4           vendors, sponsors, or other entities and persons who will use the space  
5           associated with the event to be conducted under the primary lease; and
- 6 (36) Prewritten computer software access services sold to or purchased by a retailer that  
7           develops prewritten computer software for print technology and uses and sells  
8           prewritten computer software access services for print technology; ***and***
- 9 **(37) (a) Baby bottles, including both nipples and liners;**  
10 **(b) Baby wipes;**  
11 **(c) Breast pumps;**  
12 **(d) Breast pump collection and storage supplies;**  
13 **(e) Breast pump kits; and**  
14 **(f) Children's diapers, including disposable diapers.**

15 ➔Section 20. KRS 139.480 (Effective January 1, 2025) is amended to read as  
16 follows:Any other provision of this chapter to the contrary notwithstanding, the terms "sale  
17 at retail," "retail sale," "use," "storage," and "consumption," as used in this chapter, shall  
18 not include the sale, use, storage, or other consumption of:

- 19 (1) Locomotives or rolling stock, including materials for the construction, repair, or  
20           modification thereof, or fuel or supplies for the direct operation of locomotives and  
21           trains, used or to be used in interstate commerce;
- 22 (2) Coal for the manufacture of electricity;
- 23 (3) (a) All energy or energy-producing fuels used in the course of manufacturing,  
24           processing, mining, or refining and any related distribution, transmission, and  
25           transportation services for this energy that are billed to the user, to the extent  
26           that the cost of the energy or energy-producing fuels used, and related  
27           distribution, transmission, and transportation services for this energy that are

1 billed to the user exceed three percent (3%) of the cost of production.

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

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

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

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

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

24 3. Maintains separate payroll, bank accounts, tax returns, and other records  
25 that demonstrate its independent operations in the performance of its  
26 tolling responsibilities;

27 4. Demonstrates one (1) or more substantial business purposes for the tolling

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



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

- 1 waterer and feeding systems, brooding systems, ventilation systems, alarm systems,  
2 and curtain systems. In addition, the exemption shall apply whether or not the seller  
3 is under contract to deliver, assemble, and incorporate into real estate the equipment,  
4 machinery, attachments, repair and replacement parts, and any materials incorporated  
5 into the construction, renovation, or repair of the facilities;
- 6 (15) Gasoline, special fuels, liquefied petroleum gas, and natural gas used exclusively and  
7 directly to:
- 8 (a) Operate farm machinery as defined in subsection (11) of this section;
  - 9 (b) Operate on-farm grain or soybean drying facilities as defined in subsection (13)  
10 of this section;
  - 11 (c) Operate on-farm poultry or livestock facilities defined in subsection (14) of this  
12 section;
  - 13 (d) Operate on-farm ratite facilities defined in subsection (23) of this section;
  - 14 (e) Operate on-farm llama or alpaca facilities as defined in subsection (25) of this  
15 section; or
  - 16 (f) Operate on-farm dairy facilities;
- 17 (16) Textbooks, including related workbooks and other course materials, purchased for  
18 use in a course of study conducted by an institution which qualifies as a nonprofit  
19 educational institution under KRS 139.495. The term "course materials" means only  
20 those items specifically required of all students for a particular course but shall not  
21 include notebooks, paper, pencils, calculators, tape recorders, or similar student aids;
- 22 (17) Any property which has been certified as an alcohol production facility as defined in  
23 KRS 247.910;
- 24 (18) Aircraft, repair and replacement parts therefor, and supplies, except fuel, for the  
25 direct operation of aircraft in interstate commerce and used exclusively for the  
26 conveyance of property or passengers for hire. Nominal intrastate use shall not  
27 subject the property to the taxes imposed by this chapter;

- 1 (19) Any property which has been certified as a fluidized bed energy production facility  
2 as defined in KRS 211.390;
- 3 (20) (a) 1. Any property to be incorporated into the construction, rebuilding,  
4 modification, or expansion of a blast furnace or any of its components or  
5 appurtenant equipment or structures as part of an approved supplemental  
6 project, as defined by KRS 154.26-010; and  
7 2. Materials, supplies, and repair or replacement parts purchased for use in  
8 the operation and maintenance of a blast furnace and related carbon steel-  
9 making operations as part of an approved supplemental project, as defined  
10 by KRS 154.26-010.
- 11 (b) The exemptions provided in this subsection shall be effective for sales made:  
12 1. On and after July 1, 2018; and  
13 2. During the term of a supplemental project agreement entered into  
14 pursuant to KRS 154.26-090;
- 15 (21) Beginning on October 1, 1986, food or food products purchased for human  
16 consumption with food coupons issued by the United States Department of  
17 Agriculture pursuant to the Food Stamp Act of 1977, as amended, and required to be  
18 exempted by the Food Security Act of 1985 in order for the Commonwealth to  
19 continue participation in the federal food stamp program;
- 20 (22) Machinery or equipment purchased or leased by a business, industry, or organization  
21 in order to collect, source separate, compress, bale, shred, or otherwise handle waste  
22 materials if the machinery or equipment is primarily used for recycling purposes;
- 23 (23) Ratite birds and eggs to be used in an agricultural pursuit for the breeding and  
24 production of ratite birds, feathers, hides, breeding stock, eggs, meat, and ratite by-  
25 products, and the following items used in this agricultural 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 incubation  
5           systems, egg processing equipment, waterer and feeding systems, brooding  
6           systems, ventilation systems, alarm systems, and curtain systems. In addition,  
7           the exemption shall apply whether or not the seller is under contract to deliver,  
8           assemble, and incorporate into real estate the equipment, machinery,  
9           attachments, repair and replacement parts, and any materials incorporated into  
10          the construction, renovation, or repair of the facilities;

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

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

17           (a) Feed and feed additives;

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

20           (c) On-farm facilities, including equipment, machinery, attachments, repair and  
21          replacement parts, and any materials incorporated into the construction,  
22          renovation, or repair of the facilities. The exemption shall apply to waterer and  
23          feeding systems, ventilation systems, and alarm systems. In addition, the  
24          exemption shall apply whether or not the seller is under contract to deliver,  
25          assemble, and incorporate into real estate the equipment, machinery,  
26          attachments, repair and replacement parts, and any materials incorporated into  
27          the construction, renovation, or repair of the facilities;

- 1 (26) Baling twine and baling wire for the baling of hay and straw;
- 2 (27) Water sold to a person regularly engaged in the business of farming and used in the:
- 3 (a) Production of crops;
- 4 (b) Production of milk for sale; or
- 5 (c) Raising and feeding of:
- 6 1. Livestock or poultry, the products of which ordinarily constitute food for
- 7 human consumption; or
- 8 2. Ratites, llamas, alpacas, buffalo, cervids or aquatic organisms;
- 9 (28) Buffalos to be used as beasts of burden or in an agricultural pursuit for the production
- 10 of hides, breeding stock, meat, and buffalo by-products, and the following items used
- 11 in this pursuit:
- 12 (a) Feed and feed additives;
- 13 (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
- 14 and
- 15 (c) On-farm facilities, including equipment, machinery, attachments, repair and
- 16 replacement parts, and any materials incorporated into the construction,
- 17 renovation, or repair of the facilities. The exemption shall apply to waterer and
- 18 feeding systems, ventilation systems, and alarm systems. In addition, the
- 19 exemption shall apply whether or not the seller is under contract to deliver,
- 20 assemble, and incorporate into real estate the equipment, machinery,
- 21 attachments, repair and replacement parts, and any materials incorporated into
- 22 the construction, renovation, or repair of the facilities;
- 23 (29) Aquatic organisms sold directly to or raised by a person regularly engaged in the
- 24 business of producing products of aquaculture, as defined in KRS 260.960, for sale,
- 25 and the following items used in this pursuit:
- 26 (a) Feed and feed additives;
- 27 (b) Water;

- 1 (c) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;  
2 and
- 3 (d) On-farm facilities, including equipment, machinery, attachments, repair and  
4 replacement parts, and any materials incorporated into the construction,  
5 renovation, or repair of the facilities and, any gasoline, special fuels, liquefied  
6 petroleum gas, or natural gas used to operate the facilities. The exemption shall  
7 apply, but not be limited to: waterer and feeding systems; ventilation, aeration,  
8 and heating systems; processing and storage systems; production systems such  
9 as ponds, tanks, and raceways; harvest and transport equipment and systems;  
10 and alarm systems. In addition, the exemption shall apply whether or not the  
11 seller is under contract to deliver, assemble, and incorporate into real estate the  
12 equipment, machinery, attachments, repair and replacement parts, and any  
13 materials incorporated into the construction, renovation, or repair of the  
14 facilities;
- 15 (30) Members of the genus cervidae permitted by KRS Chapter 150 that are used for the  
16 production of hides, breeding stock, meat, and cervid by-products, and the following  
17 items used in this pursuit:
- 18 (a) Feed and feed additives;
- 19 (b) Insecticides, fungicides, herbicides, rodenticides, and other chemicals; and
- 20 (c) On-site facilities, including equipment, machinery, attachments, repair and  
21 replacement parts, and any materials incorporated into the construction,  
22 renovation, or repair of the facilities. In addition, the exemption shall apply  
23 whether or not the seller is under contract to deliver, assemble, and incorporate  
24 into real estate the equipment, machinery, attachments, repair and replacement  
25 parts, and any materials incorporated into the construction, renovation, or repair  
26 of the facilities;
- 27 (31) (a) Repair or replacement parts for the direct operation or maintenance of a motor

1 vehicle, including any towed unit, used exclusively in interstate commerce for  
2 the conveyance of property or passengers for hire, provided the motor vehicle  
3 is licensed for use on the highway and its declared gross vehicle weight with  
4 any towed unit is forty-four thousand and one (44,001) pounds or greater.  
5 Nominal intrastate use shall not subject the property to the taxes imposed by  
6 this chapter; and

7 (b) Repair or replacement parts for the direct operation and maintenance of a motor  
8 vehicle operating under a charter bus certificate issued by the Transportation  
9 Cabinet under KRS Chapter 281, or under similar authority granted by the  
10 United States Department of Transportation.

11 (c) For the purposes of this subsection, "repair or replacement parts" means tires,  
12 brakes, engines, transmissions, drive trains, chassis, body parts, and their  
13 components. "Repair or replacement parts" shall not include fuel, machine oils,  
14 hydraulic fluid, brake fluid, grease, supplies, or accessories not essential to the  
15 operation of the motor vehicle itself, except when sold as part of the assembled  
16 unit, such as cigarette lighters, radios, lighting fixtures not otherwise required  
17 by the manufacturer for operation of the vehicle, or tool or utility boxes;

18 (32) Food donated by a retail food establishment or any other entity regulated under KRS  
19 217.127 to a nonprofit organization for distribution to the needy;

20 (33) Drugs and over-the counter drugs, as defined in KRS 139.472, that are purchased by  
21 a person regularly engaged in the business of farming and used in the treatment of  
22 cattle, sheep, goats, swine, poultry, ratite birds, llamas, alpacas, buffalo, aquatic  
23 organisms, or cervids;

24 (34) (a) Building materials, fixtures, or supplies purchased by a construction contractor  
25 if:

26 1. Fulfilled by a construction contract for a sewer or water project with:

27 a. A municipally owned water utility organized under KRS Chapter

- 1 96;
- 2 b. A water district or water commission formed or organized under
- 3 KRS Chapter 74;
- 4 c. A sanitation district established under KRS Chapter 220 or formed
- 5 pursuant to KRS Chapter 65;
- 6 d. A nonprofit corporation created under KRS 58.180 to act on behalf
- 7 of a governmental agency in the acquisition and financing of public
- 8 projects;
- 9 e. Regional wastewater commissions formed under KRS Chapter 278;
- 10 f. A municipally owned joint sewer agency formed under KRS
- 11 Chapter 76; or
- 12 g. Any other governmental agency; and
- 13 2. The building materials, fixtures, or supplies:
- 14 a. Will be permanently incorporated into a structure or improvement
- 15 to real property, or will be completely consumed, in fulfilling a
- 16 construction contract for the purpose of furnishing water or sewer
- 17 services to the general public; and
- 18 b. Would be exempt if purchased directly by the entities listed in
- 19 subparagraph 1. of this paragraph.
- 20 (b) As used in this subsection, "construction contract" means a:
- 21 1. Lump sum contract;
- 22 2. Cost plus contract;
- 23 3. Materials only contract;
- 24 4. Labor and materials contract; or
- 25 5. Any other type of contract.
- 26 (c) The exemption provided in this subsection shall apply without regard to the
- 27 payment arrangement between the construction contractor, the retailer, and the



1 entities listed in paragraph (a)1. of this subsection or to the place of delivery for  
2 the building materials, fixtures, or supplies;

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

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

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

14 (36) Prewritten computer software access services sold to or purchased by a retailer that  
15 develops prewritten computer software for print technology and uses and sells  
16 prewritten computer software access services for print technology; ~~and~~

17 (37) Medicinal cannabis as defined in KRS 218B.010 when sold, used, stored, or  
18 consumed in accordance with KRS Chapter 218B; and

19 **(38) (a) Baby bottles, including both nipples and liners;**

20 **(b) Baby wipes;**

21 **(c) Breast pumps;**

22 **(d) Breast pump collection and storage supplies;**

23 **(e) Breast pump kits; and**

24 **(f) Children's diapers, including disposable diapers.**

25 ➔ SECTION 21. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO  
26 READ AS FOLLOWS:

27 **(1) For purposes of this section:**

- 1        (a) "Earned income tax credit" has the same meaning as in Section 32 of the  
2        Internal Revenue Code except that the computation shall be based on the  
3        Kentucky tax attributes of the eligible taxpayer, including the differences as  
4        outlined in subsection (3) of this section;
- 5        (b) "Eligible taxpayer" means a taxpayer filing a return in Kentucky who was  
6        allowed the federal earned income tax credit for the taxable year.
- 7        (2) For taxable years beginning on or after January 1, 2025, there shall be allowed to  
8        an eligible taxpayer the refundable Kentucky earned income tax credit against the  
9        tax imposed under KRS 141.020, with the ordering of the tax credit as provided by  
10       Section 25 of this Act.
- 11       (3) The Kentucky earned income tax credit shall be computed at the same time and in  
12       the same manner as the federal earned income tax credit under Section 32 of the  
13       Internal Revenue Code, except that in the case of an eligible individual with:
- 14       (a) One (1) qualifying child:
- 15           1. The credit percentage shall be twelve percent (12%); and  
16           2. The phaseout percentage shall be six percent (6%);
- 17       (b) Two (2) qualifying children:
- 18           1. The credit percentage shall be fourteen percent (14%); and  
19           2. The phaseout percentage shall be seven percent (7%);
- 20       (c) Three (3) or more qualifying children:
- 21           1. The credit percentage shall be sixteen percent (16%); and  
22           2. The phaseout percentage shall be seven percent (7%); and
- 23       (d) No qualifying children:
- 24           1. The credit percentage shall be three percent (3%); and  
25           2. The phaseout percentage shall be three percent (3%).
- 26       (4) Part-year resident taxpayers shall be allowed a prorated Kentucky earned income  
27       tax credit based upon their portion of Kentucky adjusted gross income as

1 determined by KRS 141.019 to their adjusted gross income as defined in Section 62  
2 of the Internal Revenue Code.

3 (5) (a) In the event the state income tax is eliminated, eligible taxpayers may obtain  
4 a refund equal to the amount of the Kentucky earned income tax credit that  
5 would otherwise be allowed in accordance with this section.

6 (b) Eligible taxpayers shall submit:

7 1. An application on a form as prescribed by the department; and

8 2. Federal tax return as verification of eligibility for the earned income  
9 tax credit;

10 (c) The application for refund shall be due on the same dates as set forth for  
11 returns in KRS 141.160 and 141.170; and

12 (d) The department may promulgate administrative regulations to assist in the  
13 administration of this subsection.

14 (6) (a) In order for the General Assembly to evaluate the effectiveness of this tax  
15 credit, the department shall submit to the Interim Joint Committee on  
16 Appropriations and Revenue on or before November 1, 2026 and on or before  
17 each November 1 thereafter, as long as the Kentucky earned income tax credit  
18 is claimed:

19 1. The location of the taxpayer, by county, as reflected on the return filed  
20 for the taxable year;

21 2. The amount of the Kentucky earned income tax credit claimed by the  
22 taxpayer for the taxable year;

23 3. The amount of the tax credit that was applied to the tax liability of the  
24 taxpayer;

25 4. The amount of the tax credit that was refunded to the taxpayer;

26 5. The total cumulative amount of all credits claimed for the taxable year;  
27 and

1           6. Based on ranges of adjusted gross income of no larger than five  
 2           thousand dollars (\$5,000) for the taxable year, the total amount of tax  
 3           credits claimed, the total amount of tax credit applied to tax liability, the  
 4           total amount of tax credit refunded, and the number of returns claiming  
 5           a tax credit for each adjusted gross income range; and

6           (b) In the event refunds as described in subsection (5) of this section are issued  
 7           in lieu of tax credits, the same reporting requirements listed in subparagraph  
 8           (a) of this subsection shall apply.

9           ➔ SECTION 22. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO  
 10          READ AS FOLLOWS:

11         (1) For purposes of this section:

12           (a) "Fetus" has the same meaning as in KRS 311.720;

13           (b) "Qualifying child" has the same meaning as in Section 152 of the Internal  
 14           Revenue code, but shall also include individuals under the age of eighteen  
 15           (18) for purposes of this Kentucky child tax credit; and

16           (b) "Qualifying parent" means an individual that:

17                 1. Is within four (4) months of the child's due date by the end of the taxable  
 18                 year in which the credit is being claimed;

19                 2. Cannot be claimed as a qualifying child on any other taxpayer's return.

20         (2) For taxable years beginning on or after January 1, 2025, taxpayers may claim a  
 21         refundable Kentucky child tax credit against the tax imposed under KRS 141.020,  
 22         with the ordering of the tax credit as provided by Section 25 of this Act.

23         (3) Part-year resident taxpayers shall be allowed a prorated Kentucky child tax credit  
 24         based upon their portion of Kentucky adjusted gross income as determined by KRS  
 25         141.019 to their adjusted gross income as defined in Section 62 of the Internal  
 26         Revenue Code.

27         (4) Taxpayers shall be eligible for a tax credit equal to:

- 1        (a) One thousand four hundred and seventy dollars (\$1,470) per qualifying child  
2                under the age of six (6);
- 3        (b) One thousand and fifty dollars (\$1,050) per qualifying child under the age of  
4                eighteen (18); and
- 5        (c) Nine hundred and eighty dollars (\$980) for a qualifying parent.
- 6        (5) Taxpayers may not claim the child tax credit as a qualifying parent if the birth  
7                occurs prior to the end of the taxable year in which the fetus becomes eligible for  
8                credit as a qualifying child.
- 9        (6) The Kentucky child tax credit shall be limited to individuals with incomes of less  
10                than:
- 11        (a) One hundred and fifty thousand dollars (\$150,000) for single taxpayers or  
12                taxpayers filing a separate return; or
- 13        (b) Three hundred thousand dollars (\$300,000) for married taxpayers filing  
14                separately on a combined form or a joint tax return; and
- 15        (c) Individuals with incomes in excess of these thresholds shall reduce the total  
16                credit by twenty dollars (\$20) for every one thousand dollars (\$1,000) above  
17                these income limitations.
- 18        (7) (a) In the event the state income tax is eliminated, eligible taxpayers may receive  
19                a refund of the Kentucky child tax credit for the taxable year;
- 20        (b) Eligible taxpayers shall:
- 21                1. Submit an application on a form as prescribed by the department; and  
22                2. Provide any additional documentation that may be required by the  
23                department to verify credit eligibility;
- 24        (c) The application for refund shall be due on the same dates as set forth for  
25                returns in KRS 141.160 and 141.170; and
- 26        (d) The department may promulgate administrative regulations to assist in the  
27                administration of this subsection.

1 **(8) (a) In order for the General Assembly to evaluate the effectiveness of this tax**  
 2 **credit, the department shall submit to the Interim Joint Committee on**  
 3 **Appropriations and Revenue on or before November 1, 2026 and on or before**  
 4 **each November 1 thereafter, as long as the Kentucky child tax credit is**  
 5 **claimed:**

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

8 **2. The amount of the Kentucky child tax credit claimed by the taxpayer for**  
 9 **the taxable year;**

10 **3. The amount of the tax credit that was applied to the tax liability of the**  
 11 **taxpayer;**

12 **4. The amount of the tax credit that was refunded to the taxpayer;**

13 **5. The total cumulative amount of all credits claimed for the taxable year;**  
 14 **and**

15 **6. Based on ranges of adjusted gross income of no larger than five**  
 16 **thousand dollars (\$5,000) for the taxable year, the total amount of tax**  
 17 **credits claimed and the number of returns claiming a tax credit for each**  
 18 **adjusted gross income range; and**

19 **(b) In the event refunds as described in subsection (6) of this section are issued**  
 20 **in lieu of tax credits, the same reporting requirements listed in subparagraph**  
 21 **(a) of this subsection shall apply.**

22 ➔ Section 23. KRS 141.067 is amended to read as follows:

23 **(1) An**~~[A resident]~~ individual may deduct from the tax computed under the provisions of  
 24 KRS 141.020 a credit for household and dependent care services necessary for  
 25 gainful employment.

26 **(2) For taxable years beginning prior to January 1, 2025,** the credit shall be twenty  
 27 percent (20%) of the federal credit allowed under Section 21 of the Internal Revenue

1 Code.

2 **(3) For taxable years beginning on or after January 1, 2025, individuals shall be**  
3 **allowed a refundable household and dependent care credit against the tax imposed**  
4 **in KRS 141.020.**

5 **(4) The credit shall be equal to thirty five percent (35%) of the federal credit allowed**  
6 **under Section 21 of the Internal Revenue Code with the ordering of the tax credit**  
7 **as provided by Section 25 of this Act.**

8 **(5) Part-year resident taxpayers shall be allowed a prorated tax credit based upon their**  
9 **portion of Kentucky adjusted gross income as determined by KRS 141.019 to their**  
10 **adjusted gross income as defined in Section 62 of the Internal Revenue Code.**

11 **(6) In order for the General Assembly to evaluate the effectiveness of this tax credit,**  
12 **the department shall submit to the Interim Joint Committee on Appropriations and**  
13 **Revenue on or before November 1, 2026 and on or before each November 1**  
14 **thereafter, as long as the Kentucky household and dependent care tax credit is**  
15 **claimed:**

16 **(a) The location of the taxpayer, by county, as reflected on the return filed for**  
17 **the taxable year;**

18 **(b) The amount of the Kentucky household and dependent care tax credit**  
19 **claimed by the taxpayer for the taxable year;**

20 **(c) The total cumulative amount of all credits claimed for the taxable year; and**

21 **(d) Based on ranges of adjusted gross income of no larger than five thousand**  
22 **dollars (\$5,000) for the taxable year, the total amount of tax credits claimed**  
23 **and the number of returns claiming a tax credit for each adjusted gross**  
24 **income range.**

25 ➔ SECTION 24. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO  
26 READ AS FOLLOWS:

27 **(1) For purposes of this section:**

- 1 (a) "Child with special needs" has the same meaning as in Section 23 of the  
2 Internal Revenue Code;
- 3 (b) 1. "Cost-of-living" means the annual percentage increase in the non-  
4 seasonally adjusted annual average Consumer Price Index for All  
5 Urban Consumers (CPI-U), U.S. City Average, All Items, between the  
6 two (2) most recent calendar years available, as published by the United  
7 States Bureau of Labor Statistics.
- 8 2. Cost of living shall be calculated based upon the difference in the  
9 percentage increase in subparagraph 1. for the calendar year ending on  
10 December 31, 2024 and December 31 of the preceding taxable year for  
11 which the credit is being calculated;
- 12 (c) "Embryo adoption" means the transfer in ownership of an embryo through  
13 the process of in vitro fertilization for the purposes of implantation and  
14 pregnancy into the adopted parent's uterus; and
- 15 (d) "Qualified adoption expenses" has the same meaning as in Section 23 of the  
16 Internal Revenue Code and shall include these same expenses incurred in  
17 association with an embryo adoption; and.
- 18 (2) For taxable years beginning on or after January 1, 2025, there shall be allowed a  
19 nonrefundable, Kentucky adoption tax credit taken against the tax imposed in KRS  
20 141.020 with the ordering of credits in Section 25 of this Act.
- 21 (3) (a) The Kentucky adoption tax credit shall be computed at the same time and in  
22 the same manner as the federal tax credit allowed under Section 23 of the  
23 Internal Revenue Code;
- 24 (b) The maximum amount of tax credit shall be five thousand five hundred  
25 dollars (\$5,500) with respect to the adoption of a child or embryo by the  
26 taxpayer.
- 27 (c) Any unused portion of the adoption credit may be carried forward up to five



- 1           taxable years in the event the nonrefundable credit amount exceeds the tax  
2           for the current tax year.
- 3           (d) The total adoption credit shall be claimed in the year the adoption is finalized  
4           and may include expenses incurred in another taxable year.
- 5           (e) The credit calculation shall include total cumulative expenses per qualified  
6           adoption per child or embryo.
- 7           (f) The maximum amount of the Kentucky adoption tax credit set forth in  
8           subparagraph (a) of this subsection shall be increased annually for the cost-  
9           of-living adjustment.
- 10          (4) The maximum amount of the Kentucky adoption tax credit in subsection (3) shall  
11          be allowed as a credit for adoption of a child with special needs regardless if the  
12          expenses incurred are of a lesser amount.
- 13          (5) The total Kentucky adoption tax credit shall have the same income limitations as  
14          set forth in Section 23 of the Internal Revenue code for the federal adoption tax  
15          credit.
- 16          (6) The tax credit shall be allowed for any qualified adoption expenses:  
17               (a) Not deducted or considered in the calculation of total gross income; or  
18               (b) For which funds for such expenses are covered under any Federal, State, or  
19               local program.
- 20          (7) Part-year resident taxpayers shall be allowed a prorated Kentucky adoption tax  
21          credit based upon their portion of Kentucky adjusted gross income as determined  
22          by KRS 141.019 to their adjusted gross income as defined in Section 62 of the  
23          Internal Revenue Code.
- 24          (8) In order for the General Assembly to evaluate the effectiveness of this tax credit,  
25          the department shall submit to the Interim Joint Committee on Appropriations and  
26          Revenue on or before November 1, 2026 and on or before each November 1  
27          thereafter, as long as the Kentucky adoption tax credit is claimed:

1 (a) The location of the taxpayer, by county, as reflected on the return filed for  
2 the taxable year;

3 (b) The amount of the Kentucky adoption tax credit claimed by the taxpayer for  
4 the taxable year;

5 (c) The total cumulative amount of all credits claimed for the taxable year; and

6 (d) Based on ranges of adjusted gross income of no larger than five thousand  
7 dollars (\$5,000) for the taxable year, the total amount of tax credits claimed  
8 and the number of returns claiming a tax credit for each adjusted gross  
9 income range.

10 ➔ Section 25. KRS 141.0205 is amended to read as follows:

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

14 (1) The nonrefundable business incentive credits against the tax imposed by KRS  
15 141.020 shall be taken in the following order:

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

17 (b) The economic development credits computed under KRS 141.347, 141.381,  
18 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and  
19 154.12-2088;

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

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

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

23 (f) The tax paid to other states credit permitted by KRS 141.070;

24 (g) The credit for hiring the unemployed permitted by KRS 141.065;

25 (h) The recycling or composting equipment credit permitted by KRS 141.390;

26 (i) The tax credit for cash contributions in investment funds permitted by KRS  
27 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS

- 1           154.20-258;
- 2           (j) The research facilities credit permitted by KRS 141.395;
- 3           (k) The employer High School Equivalency Diploma program incentive credit
- 4           permitted under KRS 151B.402;
- 5           (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 6           (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 7           (n) The clean coal incentive credit permitted by KRS 141.428;
- 8           (o) The ethanol credit permitted by KRS 141.4242;
- 9           (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 10          (q) The energy efficiency credits permitted by KRS 141.436;
- 11          (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 12          (s) The Endow Kentucky credit permitted by KRS 141.438;
- 13          (t) The New Markets Development Program credit permitted by KRS 141.434;
- 14          (u) The distilled spirits credit permitted by KRS 141.389;
- 15          (v) The angel investor credit permitted by KRS 141.396;
- 16          (w) The film industry credit permitted by KRS 141.383 for applications approved
- 17          on or after April 27, 2018, but before January 1, 2022;
- 18          (x) The inventory credit permitted by KRS 141.408; ~~and~~
- 19          (y) The renewable chemical production credit permitted by KRS 141.4231; ***and***
- 20          ***(z) The Kentucky adoption tax credit permitted by Section 24 of this Act;***
- 21        (2) After the application of the nonrefundable credits in subsection (1) of this section,
- 22        the nonrefundable personal tax credits against the tax imposed by KRS 141.020 shall
- 23        be taken in the following order:
- 24           (a) The individual credits permitted by KRS 141.020(3);
- 25           (b) The credit permitted by KRS 141.066;
- 26           (c) The tuition credit permitted by KRS 141.069;
- 27           (d) The household and dependent care credit permitted by KRS 141.067 ***for***

1           **taxable years beginning prior to January 1, 2025;**

- 2           (e) The income gap credit permitted by KRS 141.066; and  
3           (f) The Education Opportunity Account Program tax credit permitted by KRS  
4           141.522;

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

- 8           (a) The individual withholding tax credit permitted by KRS 141.350;  
9           (b) The individual estimated tax payment credit permitted by KRS 141.305;  
10          (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and  
11          ~~171.397(1)(b);~~  
12          (d) The film industry tax credit permitted by KRS 141.383 for applications  
13          approved prior to April 27, 2018, or on or after January 1, 2022;  
14          (e) The development area tax credit permitted by KRS 141.398;  
15          (f) The decontamination tax credit permitted by KRS 141.419;~~and~~  
16          (g) The pass-through entity tax credit permitted by KRS 141.209;  
17          **(h) The Kentucky earned income tax credit permitted by Section 21 of this Act;**  
18          **(i) The Kentucky child tax credit permitted by Section 22 of this Act; and**  
19          **(j) The household and dependent care credit permitted by Section 23 of this Act**  
20          **for taxable years beginning on or after January 1, 2025;**

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

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

- 26           (a) The economic development credits computed under KRS 141.347, 141.381,  
27           141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and

- 1           154.12-2088;
- 2           (b) The qualified farming operation credit permitted by KRS 141.412;
- 3           (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 4           (d) The health insurance credit permitted by KRS 141.062;
- 5           (e) The unemployment credit permitted by KRS 141.065;
- 6           (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 7           (g) The coal conversion credit permitted by KRS 141.041;
- 8           (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
- 9           ending prior to January 1, 2008;
- 10          (i) The tax credit for cash contributions to investment funds permitted by KRS
- 11          154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
- 12          154.20-258;
- 13          (j) The research facilities credit permitted by KRS 141.395;
- 14          (k) The employer High School Equivalency Diploma program incentive credit
- 15          permitted by KRS 151B.402;
- 16          (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 17          (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 18          (n) The clean coal incentive credit permitted by KRS 141.428;
- 19          (o) The ethanol credit permitted by KRS 141.4242;
- 20          (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 21          (q) The energy efficiency credits permitted by KRS 141.436;
- 22          (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
- 23          permitted by KRS 141.437;
- 24          (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 25          (t) The railroad expansion credit permitted by KRS 141.386;
- 26          (u) The Endow Kentucky credit permitted by KRS 141.438;
- 27          (v) The New Markets Development Program credit permitted by KRS 141.434;

- 1 (w) The distilled spirits credit permitted by KRS 141.389;
- 2 (x) The film industry credit permitted by KRS 141.383 for applications approved
- 3 on or after April 27, 2018, but before January 1, 2022;
- 4 (y) The inventory credit permitted by KRS 141.408;
- 5 (z) The renewable chemical production tax credit permitted by KRS 141.4231; and
- 6 (aa) The Education Opportunity Account Program tax credit permitted by KRS
- 7 141.522; and
- 8 (6) After the application of the nonrefundable credits in subsection (5) of this section,
- 9 the refundable credits shall be taken in the following order:
- 10 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 11 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 12 171.397(1)(b);
- 13 (c) The film industry tax credit permitted by KRS 141.383 for applications
- 14 approved prior to April 27, 2018, or on or after January 1, 2022;
- 15 (d) The decontamination tax credit permitted by KRS 141.419; and
- 16 (e) The pass-through entity tax credit permitted by KRS 141.209.
- 17 ➔Section 26. KRS 131.190 is amended to read as follows:
- 18 (1) No present or former commissioner or employee of the department, present or former
- 19 member of a county board of assessment appeals, present or former property
- 20 valuation administrator or employee, present or former secretary or employee of the
- 21 Finance and Administration Cabinet, former secretary or employee of the Revenue
- 22 Cabinet, or any other person, shall intentionally and without authorization inspect or
- 23 divulge any information acquired by him or her of the affairs of any person, or
- 24 information regarding the tax schedules, returns, or reports required to be filed with
- 25 the department or other proper officer, or any information produced by a hearing or
- 26 investigation, insofar as the information may have to do with the affairs of the
- 27 person's business.

- 1 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 2 (a) Information required in prosecutions for making false reports or returns of  
3 property for taxation, or any other infraction of the tax laws;
- 4 (b) Any matter properly entered upon any assessment record, or in any way made  
5 a matter of public record;
- 6 (c) Furnishing any taxpayer or his or her properly authorized agent with  
7 information respecting his or her own return;
- 8 (d) Testimony provided by the commissioner or any employee of the department  
9 in any court, or the introduction as evidence of returns or reports filed with the  
10 department, in an action for violation of state or federal tax laws or in any action  
11 challenging state or federal tax laws;
- 12 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or  
13 energy resources assessed under KRS 132.820, or owners of surface land under  
14 which the unmined minerals lie, factual information about the owner's property  
15 derived from third-party returns filed for that owner's property, under the  
16 provisions of KRS 132.820, that is used to determine the owner's assessment.  
17 This information shall be provided to the owner on a confidential basis, and the  
18 owner shall be subject to the penalties provided in KRS 131.990(2). The third-  
19 party filer shall be given prior notice of any disclosure of information to the  
20 owner that was provided by the third-party filer;
- 21 (f) Providing to a third-party purchaser pursuant to an order entered in a  
22 foreclosure action filed in a court of competent jurisdiction, factual information  
23 related to the owner or lessee of coal, oil, gas reserves, or any other mineral  
24 resources assessed under KRS 132.820. The department may promulgate an  
25 administrative regulation establishing a fee schedule for the provision of the  
26 information described in this paragraph. Any fee imposed shall not exceed the  
27 greater of the actual cost of providing the information or ten dollars (\$10);

- 1 (g) Providing information to a licensing agency, the Transportation Cabinet, or the  
2 Kentucky Supreme Court under KRS 131.1817;
- 3 (h) Statistics of gasoline and special fuels gallonage reported to the department  
4 under KRS 138.210 to 138.448;
- 5 (i) Providing any utility gross receipts license tax return information that is  
6 necessary to administer the provisions of KRS 160.613 to 160.617 to applicable  
7 school districts on a confidential basis;
- 8 (j) Providing documents, data, or other information to a third party pursuant to an  
9 order issued by a court of competent jurisdiction; or
- 10 (k) Providing information to the Legislative Research Commission under:
- 11 1. KRS 139.519 for purposes of the sales and use tax refund on building  
12 materials used for disaster recovery;
- 13 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 14 3. KRS 141.437 for purposes of the ENERGY STAR home and the  
15 ENERGY STAR manufactured home credits;
- 16 4. KRS 141.383 for purposes of the film industry incentives;
- 17 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization  
18 tax credits and the job assessment fees;
- 19 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 20 7. KRS 141.396 for purposes of the angel investor tax credit;
- 21 8. KRS 141.389 for purposes of the distilled spirits credit;
- 22 9. KRS 141.408 for purposes of the inventory credit;
- 23 10. KRS 141.390 for purposes of the recycling and composting credit;
- 24 11. KRS 141.3841 for purposes of the selling farmer tax credit;
- 25 12. KRS 141.4231 for purposes of the renewable chemical production tax  
26 credit;
- 27 13. KRS 141.524 for purposes of the Education Opportunity Account



- 1                   Program tax credit;
- 2                   14. KRS 141.398 for purposes of the development area tax credit;
- 3                   15. KRS 139.516 for the purposes of the sales and use tax exemption on the
- 4                   commercial mining of cryptocurrency;~~and~~
- 5                   16. KRS 141.419 for purposes of the decontamination tax credit; and
- 6                   **17. Section 21 of this Act for purposes of the Kentucky earned income tax**
- 7                   **credit**
- 8                   **18. Section 22 of this Act for purposes of the Kentucky child tax credit;**
- 9                   **19. Section 23 of this Act for purposes of the household and dependent care**
- 10                   **credit; and**
- 11                   **20. Section 24 of this Act for purposes of the Kentucky adoption tax credit.**
- 12 (3) The commissioner shall make available any information for official use only and on
- 13 a confidential basis to the proper officer, agency, board or commission of this state,
- 14 any Kentucky county, any Kentucky city, any other state, or the federal government,
- 15 under reciprocal agreements whereby the department shall receive similar or useful
- 16 information in return.
- 17 (4) Access to and inspection of information received from the Internal Revenue Service
- 18 is for department use only, and is restricted to tax administration purposes.
- 19 Information received from the Internal Revenue Service shall not be made available
- 20 to any other agency of state government, or any county, city, or other state, and shall
- 21 not be inspected intentionally and without authorization by any present secretary or
- 22 employee of the Finance and Administration Cabinet, commissioner or employee of
- 23 the department, or any other person.
- 24 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
- 25 requirements of KRS Chapter 137 and statistics of natural gas production as reported
- 26 to the department under the natural resources severance tax requirements of KRS
- 27 Chapter 143A may be made public by the department by release to the Energy and

1 Environment Cabinet, Department for Natural Resources.

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

11 ➔Section 27. KRS 64.012 is amended to read as follows:

12 (1) The county clerk shall receive for the following services the following fees:

- 13 (a) 1. Recording and indexing of a:
- 14 a. Deed of trust or assignment for the benefit of creditors;
  - 15 b. Deed;
  - 16 c. Deed of assignment;
  - 17 d. File-stamped copy of documents set forth in KRS 14A.2-040(1) or  
18 (2) that have been filed first with the Secretary of State;
  - 19 e. Real estate option;
  - 20 f. Power of attorney;
  - 21 g. Revocation of power of attorney;
  - 22 h. Lease which is recordable by law;
  - 23 i. Deed of release of a mortgage or lien under KRS 382.360;
  - 24 j. United States lien;
  - 25 k. Release of a United States lien;
  - 26 l. Release of any recorded encumbrance other than state liens;
  - 27 m. Lis pendens notice concerning proceedings in bankruptcy;

- 1 n. Lis pendens notice;
- 2 o. Mechanic's and artisan's lien under KRS Chapter 376;
- 3 p. Assumed name;
- 4 q. Notice of lien issued by the Internal Revenue Service;
- 5 r. Notice of lien discharge issued by the Internal Revenue Service;
- 6 s. Original, assignment, amendment, or continuation financing
- 7 statement;
- 8 t. Making a record for the establishment of a city, recording the plan
- 9 or plat thereof, and all other service incident;
- 10 u. Survey of a city, or any part thereof, or any addition to or extensions
- 11 of the boundary of a city;
- 12 v. Recording with statutory authority for which no specific fee is set,
- 13 except a military discharge;
- 14 w. Will or other probate document pursuant to KRS Chapter 392 or
- 15 394;
- 16 x. Court ordered name change pursuant to KRS Chapter 401;
- 17 y. Land use restriction according to KRS 100.3681; and
- 18 z. Filing with statutory authority for which no specific fee is set.

19 For all items in this subsection if the entire thereof does not exceed

20 five (5) pages ..... ~~\$33.00~~ **\$45.00**

21 And, for all items in this subsection exceeding five (5) pages,

22 for each additional page ..... \$3.00

23 And, for all items in this subsection for each additional reference

24 relating to same instrument ..... \$4.00

- 25 2. The ~~thirty-three dollar (\$33)~~ **forty-five dollar (\$45)** fee imposed by this
- 26 subsection shall be divided as follows:
- 27 a. Twenty-seven dollars (\$27) shall be retained by the county clerk;

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

and

b. ***Eighteen dollars (\$18)***~~[Six dollars (\$6)]~~ shall be paid to the affordable housing trust fund established in KRS 198A.710 and shall be remitted by the county clerk within ten (10) days following the end of the quarter in which the fee was received. Each remittance to the affordable housing trust fund shall be accompanied by a summary report on a form prescribed by the Kentucky Housing Corporation.

- (b) For noting a security interest on a certificate of title pursuant to KRS Chapter 186A ..... \$12.00
- (c) For filing the release of collateral under a financing statement and noting same upon the face of the title pursuant to KRS Chapter 186 or 186A ..... \$5.00
- (d) Filing or recording state tax or other state liens ..... \$5.00
- (e) Filing release of a state tax or other state lien ..... \$5.00
- (f) Acknowledging or notarizing any deed, mortgage, power of attorney, or other written instrument required by law for recording and certifying same ..... \$5.00
- (g) Recording plats, maps, and surveys, not exceeding 24 inches by 36 inches, per page ..... \$40.00
- (h) Recording a bond, for each bond ..... \$10.00
- (i) Each bond required to be taken or prepared by the clerk ..... \$4.00
- (j) Copy of any bond when ordered ..... \$3.00
- (k) Administering an oath and certificate thereof ..... \$5.00
- (l) Issuing a license for which no other fee is fixed by law ..... \$8.00
- (m) Issuing a solicitor's license ..... \$15.00
- (n) Marriage license, indexing, recording, and issuing certificate thereof ... \$26.50

- 1 (o) Every order concerning the establishment, changing, closing, or
- 2 discontinuing of roads, to be paid out of the county levy when
- 3 the road is established, changed, closed, or discontinued, and by
- 4 the applicant when it is not ..... \$3.00
- 5 (p) Registration of licenses for professional persons required to register
- 6 with the county clerk ..... \$10.00
- 7 (q) Certified copy of any record ..... \$5.00
- 8 Plus fifty cents (\$.50) per page after three (3) pages
- 9 (r) Filing certification required by KRS 65.070(2)(a) ..... \$5.00
- 10 (s) Filing notification and declaration and petition of candidates
- 11 for Commonwealth's attorney..... \$200.00
- 12 (t) Filing notification and declaration and petition of candidates for county
- 13 and independent boards of education ..... \$20.00
- 14 (u) Filing notification and declaration and petition of candidates for
- 15 boards of soil and water conservation districts ..... \$20.00
- 16 (v) Filing notification and declaration and petition of candidates for
- 17 other office ..... \$50.00
- 18 (w) Filing declaration of intent to be a write-in candidate for office ..... \$50.00
- 19 (x) Filing petitions for elections, other than nominating petitions ..... \$50.00
- 20 (y) Notarizing any signature, per signature ..... \$2.00
- 21 (z) Filing bond for receiving bodies under KRS 311.310 ..... \$10.00
- 22 (aa) Noting the assignment of a certificate of delinquency and recording
- 23 and indexing the encumbrance under KRS 134.126 or 134.127 ..... \$27.00
- 24 (ab) Filing a going-out-of-business permit under KRS 365.445 ..... \$50.00
- 25 (ac) Filing a renewal of a going-out-of-business permit under KRS 365.445 \$50.00
- 26 (ad) Filing and processing a transient merchant permit under KRS 365.680 \$25.00
- 27 (ae) Recording and indexing a real estate mortgage:

1           1. For a mortgage that does not exceed thirty (30) pages.....\$75.00~~63.00~~

2           2. And, for a mortgage that exceeds thirty (30) pages, for each additional  
3           page ..... \$3.00

4           (af) Filing or recording a lien or release of lien by a consolidated local government,  
5           urban-county government, unified local government, or city of any class  
6           .....\$20.00

7           (2) The **seventy-five dollar (\$75)**~~sixty-three dollar (\$63)~~ fee imposed by subsection  
8           (1)(ae) of this section shall be divided as follows:

9           (a) Fifty-seven dollars (\$57) shall be retained by the county clerk; and

10          (b) **Eighteen dollars (\$18)**~~Six dollars (\$6)~~ shall be paid to the affordable housing  
11          trust fund established in KRS 198A.710 and shall be remitted by the county  
12          clerk within ten (10) days following the end of the quarter in which the fee was  
13          received. Each remittance to the affordable housing trust fund shall be  
14          accompanied by a summary report on a form prescribed by the Kentucky  
15          Housing Corporation.

16          (3) (a) For services related to the permanent storage of records listed in paragraphs (a),  
17          (g), (n), and (ae) of subsection (1) of this section, the clerk shall be entitled to  
18          receive a reimbursement of ten dollars (\$10).

19          (b) In counties or a county containing an urban-county government, charter county  
20          government, or unified local government:

- 21           1. This fee shall:
  - 22           a. Not be paid annually to the fiscal court under KRS 64.152;
  - 23           b. Not be paid to the Finance and Administration Cabinet under KRS  
24           64.345;
  - 25           c. Be accumulated and transferred to the fiscal court or the legislative  
26           body of an urban-county government on a monthly basis within ten  
27           (10) days following the end of the month;

- 1 d. Be maintained by the fiscal court or the legislative body of an urban-  
2 county government in a separate bank account and accounted for in  
3 a separate fund; and
- 4 e. Not lapse to the general fund of the county or urban-county  
5 government.
- 6 2. The moneys accumulated from this fee shall be held in perpetuity by the  
7 fiscal court or the legislative body of an urban-county government for the  
8 county clerk's exclusive use for:
- 9 a. Equipment related to the permanent storage of and access to  
10 records, including deed books, binders, shelves, microfilm  
11 equipment, and fireproof equipment;
- 12 b. Hardware for the permanent storage of and access to records,  
13 including computers, servers, and scanners;
- 14 c. Software for the permanent storage of and access to records,  
15 including vendor services and consumer subscription fees;
- 16 d. Personnel costs for the permanent storage of and access to records,  
17 including overtime costs for personnel involved in the digitization  
18 of records; and
- 19 e. Cloud storage and cybersecurity services for the permanent storage  
20 of and access to records.
- 21 3. Notwithstanding KRS 68.275, claims by a county clerk that are for the  
22 approved expenditures in subparagraph 2. of this paragraph shall be paid  
23 by the county judge/executive or the chief executive officer of an urban-  
24 county government by a warrant drawn on the fund and co-signed by the  
25 treasurer of the county or urban-county government.
- 26 4. No later than July 1 of each year, each county fiscal court or legislative  
27 body of an urban-county government shall submit a report to the

1 Legislative Research Commission detailing the receipts, expenditures,  
2 and any amounts remaining in the fund.

3 (c) In a county containing a consolidated local government:

4 1. The fee shall not:

5 a. Be paid to the Finance and Administration Cabinet under KRS  
6 64.345; or

7 b. Lapse to the general fund of the consolidated local government.

8 2. The moneys accumulated from this fee shall be held in perpetuity by the  
9 county clerk in a separate fund to be used exclusively for:

10 a. Equipment related to the permanent storage of and access to  
11 records, including deed books, binders, shelves, microfilm  
12 equipment, and fireproof equipment;

13 b. Hardware for the permanent storage of and access to records,  
14 including computers, servers, and scanners;

15 c. Software for the permanent storage of and access to records,  
16 including vendor services and consumer subscription fees;

17 d. Personnel costs for the permanent storage of and access to records,  
18 including overtime costs for personnel involved in the digitization  
19 of records; and

20 e. Cloud storage and cybersecurity services for the permanent storage  
21 of and access to records.

22 3. No later than July 1 of each year, the county clerk shall submit a report to  
23 the consolidated local government and the Legislative Research  
24 Commission detailing the receipts, expenditures, and any amounts  
25 remaining in the fund.

26 ➔SECTION 28. A NEW SECTION OF KRS CHAPTER 383 IS CREATED TO  
27 READ AS FOLLOWS:



1 (1) On or after the effective date of this Act, in a case for forcible entry or detainer:

2 (a) If the case is dismissed, the court shall order the record expunged upon the  
3 expiration of one hundred eighty (180) days and the payment of any unpaid  
4 rent not waived by the landlord. The order expunging the records shall not  
5 require any action by the person; or

6 (b) If a forcible detainer judgement is entered, the court shall order the record  
7 expunged upon the expiration of three (3) years and the payment of any  
8 unpaid rent not waived by the landlord.

9 (2) After the expungement, the proceedings in the matter shall be deemed never to  
10 have occurred. The court and other agencies shall delete or remove the records  
11 from their computer systems so that any official state-performed background check  
12 will indicate that the records do not exist. The court and other agencies shall reply  
13 to any inquiry that no record exists on the matter. The person whose record is  
14 expunged shall not have to disclose the fact of the record or any matter relating  
15 thereto on an application for employment, credit, or other type of application.

16 (3) A person named in an order for forcible entry or detainer as an unemancipated  
17 minor, that person's parent or guardian, or any other defendant named in the order  
18 may, at any time, petition the court to expunge the name of the minor from the  
19 order. If the court finds that the person was an unemancipated minor at the time  
20 the order was entered, the court shall expunge the name of the minor. The  
21 Administrative Office of the Courts shall establish a form for a petition pursuant  
22 to this subsection.

23 ➔ SECTION 29. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO  
24 READ AS FOLLOWS:

25 (1) Tuition and mandatory student fees for any undergraduate program at any  
26 Kentucky public postsecondary institution, including all four (4) year colleges and  
27 universities and institutions of the Kentucky Community and Technical College

- 1 System, shall be waiver for any resident of the Commonwealth who is a full-time  
2 or part-time student if the student meets all entrance requirements and maintains  
3 academic eligibility while enrolled at the postsecondary institution, and if:
- 4 (a) The student is pregnant or is the parent of a child under eighteen (18) years  
5 of age; and
- 6 (b) The student's household income is less than or equal to one fifty percent  
7 (150%) of the federal poverty level.
- 8 (2) Upon request from a postsecondary institution, the Department of Revenue shall  
9 confirm the eligibility status of a student under subsection (1)(b) of this section.
- 10 (3) A student seeking to claim the tuition and fee waiver established under this section  
11 shall complete the Free Application for Federal Student Aid to determine the level  
12 of need and eligibility for state and federal financial aid programs. If the sum of  
13 the tuitions and fee waiver plus other student financial assistance, excluding loans  
14 and the work study program established under 42 U.S.C. secs. 2751-2756b, from  
15 all sources exceeds the student's total cost of attendance, as defined in 20 U.S.C.  
16 sec. 1087ll, the tuition and fee waiver shall be reduced by the amount exceeding  
17 the total cost of attendance.
- 18 (4) (a) Except as provided in paragraph (b) of this subsection, a student who meets  
19 the eligibility standards established in subsection (1) of this section shall be  
20 eligible for the tuition and fee waiver established in this section for each  
21 academic semester beginning with the first academic semester of enrollment  
22 through degree completion unless the student's academic progress is  
23 interrupted by more than one (1) consecutive semester of non-enrollment.
- 24 (b) A student whose academic progress is interrupted by more than one (1)  
25 consecutive semester of non-enrollment shall remain eligible for the tuition  
26 waiver if the student's failure to enroll was due to serving:
- 27 1. On active duty status with the United States Armed Forces;

1           **2. As an officer in the Commissioned Corps of the United States Public**  
 2           **Health Service; or**

3           **3. On active service in the Peace Corps Act or the Americorps.**

4           **(5) The Council on Postsecondary Education shall report nonidentifying data on**  
 5           **graduation rates and retention of students participating in the tuition and fee**  
 6           **waiver program established under this section to the Legislative Research**  
 7           **Commission no later than November 30 of each year.**

8           **(6) Nothing in this section shall be construed to:**

9           **(a) Guarantee acceptance of or entrance into any postsecondary institution;**

10           **(b) Limit the participation of an eligible student in any other program of**  
 11           **financial assistance for postsecondary education;**

12           **(c) Require any postsecondary institution to waive costs or fees associated with**  
 13           **room and board; or**

14           **(d) Restrict any postsecondary institution from accessing other sources of**  
 15           **financial assistance, accept for loans, that may be available to an eligible**  
 16           **student.**

17           ➔Section 30. The Cabinet for Health and Family Services is hereby authorized, as  
 18 is required by KRS 205.5372, to develop and administer a basic health program as  
 19 permitted under 42 U.S.C. sec. 18051.

20           ➔Section 31. The Cabinet for Health and Family Services is hereby directed to  
 21 exercise the state plan amendment option permitted under 42 U.S.C. sec. 1396n(i) to  
 22 provide supported housing and supported employment services to individuals enrolled in  
 23 the state's medical assistance program who have been diagnosed with a serious mental  
 24 illness. The Cabinet for Health and Family Services shall prepare and submit to the federal  
 25 Centers for Medicare and Medicaid Services any state plan amendment or waiver  
 26 application that may be required under federal law prior to providing services described in  
 27 this section. If the Cabinet for Health and Family Services determines that a state plan

1 amendment or waiver application is required in order to provide the services described in  
2 the section, the cabinet shall prepare and submit the required application no later than  
3 December 31,2024. The Cabinet for Health and Family Services shall, in accordance with  
4 KRS 205.525, provide a copy of any state plan amendment or waiver application submitted  
5 to the federal Centers for Medicare and Medicaid Services pursuant to this section to the  
6 Interim Joint Committee on Health Services and the Interim Joint Committee on  
7 Appropriations and Revenue no later than December 31, 2024 and shall provide updates  
8 on the status of the application to the Legislative Research Commission upon request.

9 →Section 32. The Cabinet for Health and Family Services is hereby directed to, no  
10 later than December 31, 2024, prepare and submit a Section 1332 State Innovation Waiver  
11 application, as permitted under 42 U.S.C. sec. 18052, to the federal Centers for Medicare  
12 and Medicaid Services to waive the single risk pool requirement established in 45 C.F.R.  
13 156.80 and to establish and to establish a state-based reinsurance program. The Cabinet for  
14 Health and Family Services shall, in accordance with KRS 205.525, provide a copy of the  
15 waiver application submitted to the federal Centers for Medicare and Medicaid Services  
16 pursuant to this section to the Interim Joint Committee on Health Services and the Interim  
17 Joint Committee on Appropriations and Revenue no later than December 31, 2024 and  
18 shall provide updates on the status of the application to the Legislative Research  
19 Commission upon request.

20 →Section 33. The Cabinet for Health and Family Services is hereby directed to, no  
21 later than December 31, 2024, prepare and submit to the United States Department of  
22 Agriculture's Food and Nutrition Services a waiver application seeking federal  
23 authorization and approval to accept Supplemental Nutrition Assistance Program  
24 applications from incarcerated individuals up to 6 months prior to release from  
25 incarceration. Nothing in this section shall be interpreted as requiring the Cabinet for  
26 Health and Family Services or any other state agency to provide nutrition assistance  
27 benefits to an incarcerated individual prior to release from incarceration. The Cabinet for

1 Health and Family Services shall provide a copy of the waiver application submitted to the  
2 United States Department of Agriculture's Food and Nutrition Services pursuant to this  
3 section to the Interim Joint Committee on Families and Children no later than December  
4 31, 2024 and shall provide updates on the status of the application to the Legislative  
5 Research Commission upon request.

6 →Section 34. There is hereby appropriated General Fund moneys in the amount of  
7 \$X in each fiscal year of the 2024-2026 fiscal biennium to the Kentucky Housing  
8 Corporation for a rental assistance program to provide monthly rental assistance to eligible  
9 individuals. An eligible individual shall qualify for Section 8 housing assistance from the  
10 United State Department of Housing and Urban Development under 24 C.F.R. 982 and be:

11 (1) Pregnant; or

12 (2) A member of a household that includes at least one child under five years of age.

13 In providing assistance, the Kentucky Housing corporation shall give priority to individuals  
14 who expend more than 30 percent of their income on rent for housing. Awards for the rental  
15 assistance program shall be, at a minimum, for the full term of the eligible individual's  
16 current lease. Notwithstanding KRS 45.229, the General Fund appropriations under this  
17 section shall not lapse and shall carry forward.

18 →Section 35. There is hereby appropriated General Fund moneys in the amount of  
19 \$1,000,000 in each fiscal year of the 2024-2026 fiscal biennium to the Department of  
20 Agriculture to establish a cents-per-meal reimbursement program in support the Farms-to-  
21 School program. The department shall provide reimbursement to schools that incorporate  
22 Kentucky Proud certified agricultural products into school meals at a rate of \$0.20 per  
23 meal. Notwithstanding KRS 45.229, the General Fund appropriations under this section  
24 shall not lapse and shall carry forward.

25 →Section 36. There is hereby appropriated General Fund moneys in the amount of  
26 \$100,000 in each fiscal year of the 2024-2026 fiscal biennium to the Department of  
27 Agriculture to support the Senior Farmers Market Nutrition Program. Notwithstanding

1 KRS 45.229, the General Fund appropriations under this section shall not lapse and shall  
2 carry forward.

3 ➔Section 37. There is hereby appropriated General Fund moneys in the amount of  
4 \$100,000 in each fiscal year of the 2024-2026 fiscal biennium to the Cabinet for Health  
5 and Family Services for the expansion of the Women, Infants, and Children Farmers Market  
6 Nutrition Program into Jefferson County. Notwithstanding KRS 45.229, the General Fund  
7 appropriations under this section shall not lapse and shall carry forward.

8 ➔Section 38. There is hereby appropriated General Fund moneys in the amount of  
9 \$X in each fiscal year of the 2024-2026 fiscal biennium to the Cabinet for Health and  
10 Family Services to establish the Kentucky Supplemental Nutrition Assistance Program.  
11 The program shall provide food and nutrition assistance to pregnant women and children  
12 under five years of age. The Kentucky Supplemental Nutrition Assistance Program shall  
13 provide benefits for up to six months upon the expiration of any federally funded or  
14 provided food and nutrition assistance. Notwithstanding KRS 45.229, the General Fund  
15 appropriations under this section shall not lapse and shall carry forward.

16 ➔Section 39. There is hereby appropriated General Fund moneys in the amount of  
17 \$X in each fiscal year of the 2024-2026 fiscal biennium to the Cabinet for Health and  
18 Family Services for the continuation of federally approved modifications of the Child Care  
19 Assistance Program including but not limited to: income eligibility of 85% of the state's  
20 median income; a provider reimbursement rate of at least 85% of the local market rate; a  
21 six-month benefit phase-out with a 50% reduction in child care payment assistance; and  
22 quarterly sustainability payments to providers. Notwithstanding KRS 45.229, the General  
23 Fund appropriations under this section shall not lapse and shall carry forward.

24 ➔Section 40. There is hereby appropriated General Fund moneys in the amount of  
25 \$X and Federal Fund moneys in the amount of \$X in fiscal year 2024-2025 to support 182  
26 additional Home and Community Based waiver slots and General Fund moneys in the  
27 amount of \$X and Federal Fund moneys in the amount of \$X in fiscal year 2025-2026 to

1 support 182 additional Home and Community Based waiver slots for a total of 364  
2 additional waiver slots over the 2024-2026 fiscal biennium. The additional waiver slots  
3 shall be phased in on a monthly basis with an equal number of slots to be released each  
4 month until the total number of additional slots funded for each fiscal year is met.

5 →Section 41. There is hereby appropriated General Fund moneys in the amount of  
6 \$X and Federal Fund moneys in the amount of \$X in fiscal year 2024-2025 to support  
7 1,400 additional Michelle P. waiver slots and General Fund moneys in the amount of \$X  
8 and Federal Fund moneys in the amount of \$X in fiscal year 2025-2026 to support 1,400  
9 additional Michelle P. waiver slots for a total of 2,800 additional waiver slots over the  
10 2024-2026 fiscal biennium. The additional waiver slots shall be phased in on a monthly  
11 basis with an equal number of slots to be released each month until the total number of  
12 additional slots funded for each fiscal year is met.

13 →Section 42. There is hereby appropriated General Fund moneys in the amount of  
14 \$X and Federal Fund moneys in the amount of \$X in fiscal year 2024-2025 to support 539  
15 additional Supports for Community Living waiver slots and General Fund moneys in the  
16 amount of \$X and Federal Fund moneys in the amount of \$X in fiscal year 2025-2026 to  
17 support 539 additional Supports for Community Living waiver slots for a total of 1,078  
18 additional waiver slots over the 2024-2026 fiscal biennium. The additional waiver slots  
19 shall be phased in on a monthly basis with an equal number of slots to be released each  
20 month until the total number of additional slots funded for each fiscal year is met.

21 →Section 43. If the Cabinet for Health and Family Services determines that a state  
22 plan amendment, waiver, or any other form of approval or authorization from a federal  
23 agency is necessary prior to the implementation of any provision of this Act, the cabinet or  
24 department shall, within 120 days after the effective date of this Act unless otherwise  
25 specified in this Act, request the state plan amendment, waiver, approval, or authorization  
26 and shall only delay full implementation of those provisions for which a state plan  
27 amendment, waiver, approval, or authorization was deemed necessary until the state plan

1 amendment, waiver, approval, or authorization is granted. The cabinet shall, in accordance  
2 with KRS 205.525, provide a copy of any state plan amendment, waiver, or other approval  
3 or authorization submitted pursuant to this section to the Interim Joint Committee on Health  
4 Services and the Interim Joint Committee on Appropriations and Revenue and shall  
5 provide an update on the status of any application to the Legislative Research Commission  
6 upon request.

7       ➔Section 44. Sections 3 to 8 of this Act apply to health benefit plans issued or  
8 renewed on or after January 1, 2025.

9       ➔Section 45. Sections 4, 5, 6, 7, and 8 of this Act take effect on January 1, 2025.

10       ➔Section 46. Sections 16, 17, and 18 of this Act take effect on August 1, 2024.

11       ➔Section 47. This Act may be cited as the Advancing Lives for Pregnancy and  
12 Healthy Alternatives or the ALPHA Act.