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BY K. Adler

VETO MESSAGE FROM THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY

House Bill 557 of the 2006 Regular Session – Partial Veto #1

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:

Page 39, lines 2 through 23, in their entirety.
Page 44, lines 9 through 12, in their entirety.
Page 45, lines 5 through 27, in their entirety.
Page 46, lines 1 through 3, in their entirety.

These parts amend parts of House Bill 380 which I simultaneously have vetoed, rendering these vetoed parts of House Bill 557 superfluous.

House Bill 557 of the 2006 Regular Session – Partial Veto #2

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 43, lines 22 through 27, in their entirety.
Page 44, lines 1 through 4, in their entirety.

This part amends parts of House Bill 380 which I simultaneously have vetoed, rendering this vetoed part of House Bill 557 superfluous.

House Bill 557 of the 2006 Regular Session – Partial Veto #3

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 44, line 7, after the word "'grants'" delete "and on line 25, delete 'these funds'".
Page 44, line 8, in its entirety.

This part amends a part of House Bill 380 which I simultaneously have vetoed, rendering this vetoed part of House Bill 557 superfluous.

House Bill 557 of the 2006 Regular Session – Partial Veto #4

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 48, lines 5 through 8, in their entirety.

This part amends the fiscal year for which $500,000 in appropriated in House Bill 380 from fiscal year 2006-2007 to fiscal year 2005-2006. I am vetoing this part because this part and the part of House Bill 380 it seeks to amend represent a specific project appropriation from the Community Development Fund Projects appropriation in House Bill 380, Part II, A., 4., 005. That capital appropriation only includes appropriations for fiscal year 2006-2007 and for fiscal year 2007-2008, and no capital appropriation for fiscal year 2005-2006. My partial veto will preserve the project appropriation, and properly align this specific project appropriation with the Community Development Fund Projects appropriation.

House Bill 557 of the 2006 Regular Session – Partial Veto #5

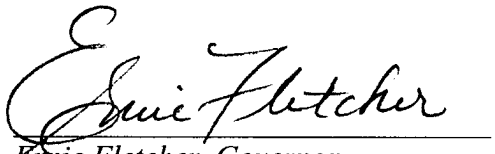
I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 48, line 14, after the word "the" delete "by the Legislative Research".
Page 48, line 15, delete "Commission".

This part directs the Legislative Research Commission to adjust the General Assembly's appropriation of $25,000,000 from the Budget Reserve Trust Fund in House Bill 380 to take into account legislation enacted subsequent to the passage of House Bill 380. I am vetoing this part because the Kentucky Constitution vests legislative power in the General Assembly, not the Legislative Research Commission. The General Assembly may not delegate, during the interim between sessions, its appropriations power to the Legislative Research Commission. As the Supreme Court of Kentucky ruled in Legislative Research Commission v. Brown: "'The legislative power shall be vested in a House of Representatives and a Senate, which, together,

shall be styled the 'General Assembly of the Commonwealth of Kentucky'. Whatever else the LRC may constitutionally do, it may not legislate."

Done this 24th day of April, 2006.



Ernie Fletcher, Governor

GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 557

AS ENACTED

WEDNESDAY, APRIL 12, 2006

AN ACT relating to governmental operations, making an appropriation therefor, and declaring an emergency.

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

1 Section 1. KRS 13B.020 is amended to read as follows:

2 (1) The provisions of this chapter shall apply to all administrative hearings conducted
3 by an agency, with the exception of those specifically exempted under this section.
4 The provisions of this chapter shall supersede any other provisions of the Kentucky
5 Revised Statutes and administrative regulations, unless exempted under this section,
6 to the extent these other provisions are duplicative or in conflict. This chapter
7 creates only procedural rights and shall not be construed to confer upon any person
8 a right to hearing not expressly provided by law.

9 (2) The provisions of this chapter shall not apply to:

10 (a) Investigations, hearings to determine probable cause, or any other type of
11 information gathering or fact finding activities;

12 (b) Public hearings required in KRS Chapter 13A for the promulgation of
13 administrative regulations;

14 (c) Any other public hearing conducted by an administrative agency which is
15 nonadjudicatory in nature and the primary purpose of which is to seek public
16 input on public policy making;

17 (d) Military adjudicatory proceedings conducted in accordance with KRS Chapter
18 35;

19 (e) Administrative hearings conducted by the legislative and judicial branches of
20 state government;

21 (f) Administrative hearings conducted by any city, county, urban-county, charter
22 county, or special district contained in KRS Chapters 65 to 109, or any other
23 unit of local government operating strictly in a local jurisdictional capacity;

24 (g) Informal hearings which are part of a multilevel hearing process that affords

1 an administrative hearing at some point in the hearing process if the
2 procedures for informal hearings are approved and promulgated in accordance
3 with subsections (4) and (5) of this section;
4 (h) Limited exemptions granted for specific hearing provisions and denoted by
5 reference in the text of the applicable statutes or administrative regulations;
6 (i) Administrative hearings exempted pursuant to subsection (3) of this section;
7 (j) Administrative hearings exempted, in whole or in part, pursuant to
8 subsections (4) and (5) of this section; and
9 (k) Any administrative hearing which was commenced but not completed prior to
10 July 15, 1996.
11 (3) The following administrative hearings are exempt from application of this chapter
12 in compliance with 1994 Ky. Acts ch. 382, sec. 19:
13 (a) Finance and Administration Cabinet
14 1. Higher Education Assistance Authority
15 a. Wage garnishment hearings conducted under authority of 20
16 U.S.C. sec. 1095a and 34 C.F.R. sec. 682.410
17 b. Offset hearings conducted under authority of 31 U.S.C. sec. 3720A
18 and sec. 3716, and 34 C.F.R. sec. 30.33
19 ***2. Department of Revenue***
20 ***a. Any licensing and bond revocation hearings conducted under***
21 ***the authority of KRS 138.210 to 138.448 and 234.310 to 234.440***
22 ***b. Any license revocation hearings under KRS 131.630 and 138.130***
23 ***to 138.205***
24 (b) Cabinet for Health and Family Services
25 1. Office of Certificate of Need
26 a. Certificate-of-need hearings and licensure conducted under
27 authority of KRS Chapter 216B

1 b. Licensure revocation hearings conducted under authority of KRS
2 Chapter 216B
3 2. Department for Community Based Services
4 a. Supervised placement revocation hearings conducted under
5 authority of KRS Chapter 630
6 3. Department for Disability Determination Services
7 a. Disability determination hearings conducted under authority of 20
8 C.F.R. sec. 404
9 (c) Justice Cabinet
10 1. Department of State Police
11 a. State Police Trial Board disciplinary hearings conducted under
12 authority of KRS Chapter 16
13 2. Department of Corrections
14 a. Parole Board hearings conducted under authority of KRS Chapter
15 439
16 b. Prison adjustment committee hearings conducted under authority
17 of KRS Chapter 197
18 c. Prison grievance committee hearings conducted under authority of
19 KRS Chapters 196 and 197
20 3. Department of Juvenile Justice
21 a. Supervised placement revocation hearings conducted under KRS
22 Chapter 635
23 (d) Environmental and Public Protection Cabinet
24 1. Department for Natural Resources
25 a. Surface mining hearings conducted under authority of KRS
26 Chapter 350
27 2. Department for Environmental Protection

1 a. Wild River hearings conducted under authority of KRS Chapter
2 146
3 b. Water resources hearings conducted under authority of KRS
4 Chapter 151
5 c. Water plant operator and water well driller hearings conducted
6 under authority of KRS Chapter 223
7 d. Environmental protection hearings conducted under authority of
8 KRS Chapter 224
9 e. Petroleum Storage Tank Environmental Assurance Fund hearings
10 under authority of KRS Chapter 224
11 3. Office of Workers' Claims
12 a. Workers' compensation hearings conducted under authority of
13 KRS Chapter 342
14 4. Kentucky Occupational Safety and Health Review Commission
15 a. Occupational safety and health hearings conducted under authority
16 of KRS Chapter 338
17 5. Department of Public Protection
18 a. Board of Claims
19 i Liability hearings conducted under authority of KRS Chapter
20 44
21 b. Public Service Commission
22 i Utility hearings conducted under authority of KRS Chapters
23 74, 278, and 279
24 (e) Cabinet for Workforce Development
25 1. Department for Employment Services
26 a. Unemployment Insurance hearings conducted under authority of
27 KRS Chapter 341

1 (f) Secretary of State
2 1. Registry of Election Finance
3 a. Campaign finance hearings conducted under authority of KRS
4 Chapter 121
5 (g) State universities and colleges
6 1. Student suspension and expulsion hearings conducted under authority of
7 KRS Chapter 164
8 2. University presidents and faculty removal hearings conducted under
9 authority of KRS Chapter 164
10 3. Campus residency hearings conducted under authority of KRS Chapter
11 164
12 4. Family Education Rights to Privacy Act hearings conducted under
13 authority of 20 U.S.C. sec. 1232 and 34 C.F.R. sec. 99
14 5. Federal Health Care Quality Improvement Act of 1986 hearings
15 conducted under authority of 42 U.S.C. sec. 11101 to 11115 and KRS
16 Chapter 311.
17 (4) Any administrative hearing, or portion thereof, may be certified as exempt by the
18 Attorney General based on the following criteria:
19 (a) The provisions of this chapter conflict with any provision of federal law or
20 regulation with which the agency must comply, or with any federal law or
21 regulation with which the agency must comply to permit the agency or
22 persons within the Commonwealth to receive federal tax benefits or federal
23 funds or other benefits;
24 (b) Conformity with the requirement of this chapter from which exemption is
25 sought would be so unreasonable or so impractical as to deny due process
26 because of undue delay in the conduct of administrative hearings; or
27 (c) The hearing procedures represent informal proceedings which are the

1 preliminary stages or the review stages of a multilevel hearing process, if the
2 provisions of this chapter or the provisions of a substantially equivalent
3 hearing procedure exempted under subsection (3) of this section are applied at
4 some level within the multilevel process.
5 (5) The Attorney General shall not exempt an agency from any requirement of this
6 chapter until the agency establishes alternative procedures by administrative
7 regulation which, insofar as practical, shall be consistent with the intent and purpose
8 of this chapter. When regulations for alternative procedures are submitted to the
9 Administrative Regulation Review Subcommittee, they shall be accompanied by the
10 request for exemption and the approval of exemption from the Attorney General.
11 The decision of the Attorney General, whether affirmative or negative, shall be
12 subject to judicial review in the Franklin Circuit Court within thirty (30) days of the
13 date of issuance. The court shall not overturn a decision of the Attorney General
14 unless the decision was arbitrary or capricious or contrary to law.
15 (6) Except to the extent precluded by another provision of law, a person may waive any
16 procedural right conferred upon that person by this chapter.
17 Section 2. KRS 131.081 is amended to read as follows:
18 The following rules, principles, or requirements shall apply in the administration of all
19 taxes subject to the jurisdiction of the Department of Revenue.
20 (1) The department shall develop and implement a Kentucky tax education and
21 information program directed at new taxpayers, taxpayer and industry groups, and
22 department employees to enhance the understanding of and compliance with
23 Kentucky tax laws, including the application of new tax legislation to taxpayer
24 activities and areas of recurrent taxpayer noncompliance or inconsistency of
25 administration.
26 (2) The department shall publish brief statements in simple and nontechnical language
27 which explain procedures, remedies, and the rights and obligations of taxpayers and

1 the department. These statements shall be provided to taxpayers with the initial
2 notice of audit; each original notice of tax due; each denial or reduction of a refund
3 or credit claimed by a taxpayer; each denial, cancellation, or revocation of any
4 license, permit, or other required authorization applied for or held by a taxpayer;
5 and, if practical and appropriate, in informational publications by the department
6 distributed to the public.
7 (3) Taxpayers shall have the right to be assisted or represented by an attorney,
8 accountant, or other person in any conference, hearing, or other matter before the
9 department. The taxpayer shall be informed of this right prior to conduct of any
10 conference or hearing.
11 (4) The department shall perform audits and conduct conferences and hearings only at
12 reasonable times and places.
13 (5) Taxpayers shall have the right to make audio recordings of any conference with or
14 hearing by the department. The department may make similar audio recordings[
15 ~~only~~] if prior written notice is given to the taxpayer ***or if the taxpayer records the***
16 ***conference or hearing***. The taxpayer shall be entitled to a copy of this department
17 recording or a transcript as provided in KRS 61.874.
18 (6) If any taxpayer's failure to submit a timely return or payment to the department is
19 due to the taxpayer's reasonable reliance on written advice from the department, the
20 taxpayer shall be relieved of any penalty or interest with respect thereto, provided
21 the taxpayer requested the advice in writing from the department and the specific
22 facts and circumstances of the activity or transaction were fully described in the
23 taxpayer's request, the department did not subsequently rescind or modify the advice
24 in writing, and there were no subsequent changes in applicable laws or regulations
25 or a final decision of a court which rendered the department's earlier written advice
26 no longer valid.
27 (7) Taxpayers shall have the right to receive a copy of any audit of the department by

1 the Auditor of Public Accounts relating to the department's compliance with the
2 provisions of KRS 131.041 to 131.081.
3 (8) The department shall include with each notice of tax due a clear and concise
4 description of the basis and amount of any tax, penalty, and interest assessed against
5 the taxpayer, and copies of the agent's audit workpapers and the agent's written
6 narrative setting forth the grounds upon which the assessment is made. Taxpayers
7 shall be similarly notified regarding the denial or reduction of any refund or credit
8 claim filed by a taxpayer.
9 (9) Taxpayers shall have the right to an installment payment agreement for the payment
10 of delinquent taxes, penalties, and interest owed, provided the taxpayer requests the
11 agreement in writing clearly demonstrating his inability to pay in full and that the
12 agreement will facilitate collection by the department of the amounts owed. The
13 department may modify or terminate an installment payment agreement if it
14 determines the taxpayer has not complied with the terms of the agreement; the
15 taxpayers' financial condition has sufficiently changed; the taxpayer fails to provide
16 any requested financial condition update information; the taxpayer gave false or
17 misleading information in securing the agreement; or the taxpayer fails to timely
18 report and pay any other tax due the Commonwealth. The department shall give
19 written notice to the taxpayer at least thirty (30) days prior to modifying or
20 terminating an installment payment agreement unless the department has reason to
21 believe that collection of the amounts owed will be jeopardized in whole or in part
22 by delay.
23 (10) The department shall not knowingly authorize, require, or conduct any investigation
24 or surveillance of any person for nontax administration related purposes, except
25 internal security related investigations involving Department of Revenue personnel.
26 (11) In addition to the circumstances under which an extension of time for filing reports
27 or returns may be granted pursuant to KRS 131.170, taxpayers shall be entitled to

1 the same extension of the due date of any comparable Kentucky tax report or return
2 for which the taxpayer has secured a written extension from the Internal Revenue
3 Service provided the taxpayer notifies the department in writing and provides a
4 copy of the extension at the time and in the manner which the department may
5 require.
6 (12) The department shall bear the cost or, if paid by the taxpayer, reimburse the
7 taxpayer for recording or bank charges as the direct result of any erroneous lien or
8 levy by the department, provided the erroneous lien or levy was caused by
9 department error and, prior to issuance of the erroneous lien or levy, the taxpayer
10 timely responded to all contacts by the department and provided information or
11 documentation sufficient to establish his or her position. When the department
12 releases any erroneous lien or levy, notice of the fact shall be mailed to the taxpayer
13 and, if requested by the taxpayer, a copy of the release, together with an
14 explanation, shall be mailed to the major credit reporting companies located in the
15 county where it was filed.
16 (13) The department shall not evaluate individual officers or employees on the basis of
17 taxes assessed or collected or impose or suggest tax assessment or collection quotas
18 or goals.
19 (14) Taxpayers shall have the right to bring an action for damages against the
20 Commonwealth to the Board of Claims for actual and direct monetary damages
21 sustained by the taxpayer as a result of willful, reckless, and intentional disregard by
22 department employees of the rights of taxpayers as set out in KRS 131.041 to
23 131.081 or in the tax laws administered by the department. In the awarding of
24 damages pursuant to this subsection, the board shall take into consideration the
25 negligence or omissions, if any, on the part of the taxpayer which contributed to the
26 damages. If any proceeding brought by a taxpayer is ruled frivolous by the board,
27 the department shall be reimbursed by the taxpayer for its costs in defending the

1 action.

2 (15) Taxpayers shall have the right to privacy with regard to the information provided on
3 their Kentucky tax returns and reports, including any attached information or
4 documents. Except as provided in KRS 131.190, no information pertaining to the
5 returns, reports, or the affairs of a person's business shall be divulged by the
6 department to any person or be intentionally and without authorization inspected by
7 any present or former commissioner or employee of the Department of Revenue,
8 member of a county board of assessment appeals, property valuation administrator
9 or employee, or any other person.

10 Section 3. KRS 138.450 is amended to read as follows:

11 As used in KRS 138.455 to 138.470, unless the context requires otherwise:

12 (1) "Current model year" means a motor vehicle of either the model year corresponding
13 to the current calendar year or of the succeeding calendar year, if the same model
14 and make is being offered for sale by local dealers;

15 (2) "Dealer" means "motor vehicle dealer" as defined in KRS 190.010;

16 (3) "Dealer demonstrator" means a new motor vehicle or a previous model year motor
17 vehicle with an odometer reading of least one thousand (1,000) miles that has been
18 used either by representatives of the manufacturer or by a licensed Kentucky dealer,
19 franchised to sell the particular model and make, for demonstration;

20 (4) "Historic motor vehicle" means a motor vehicle registered and licensed pursuant to
21 KRS 186.043;

22 (5) "Motor vehicle" means any vehicle that is propelled by other than muscular power
23 and that is used for transportation of persons or property over the public highways
24 of the state, except road rollers, mopeds, vehicles that travel exclusively on rails,
25 and vehicles propelled by electric power obtained from overhead wires;

26 (6) "Moped" means either a motorized bicycle whose frame design may include one (1)
27 or more horizontal crossbars supporting a fuel tank so long as it also has pedals, or a

motorized bicycle with a step through type frame which may or may not have pedals rated no more than two (2) brake horsepower, a cylinder capacity not exceeding fifty (50) cubic centimeters, an automatic transmission not requiring clutching or shifting by the operator after the drive system is engaged, and capable of a maximum speed of not more than thirty (30) miles per hour;

(7) "New motor vehicle" means a motor vehicle of the current model year which has not previously been registered in any state or country;

(8) "Previous model year motor vehicle" means a motor vehicle not previously registered in any state or country which is neither of the current model year nor a dealer demonstrator;

(9) "Total consideration given" means the amount given, valued in money, whether received in money or otherwise, at the time of purchase or at a later date, including consideration given for all equipment and accessories, standard and optional[~~, as attested to in a notarized affidavit signed by both the buyer and the seller. The signatures of the buyer and seller shall be individually notarized~~]. "Total consideration given" shall not include:

(a) Any amount allowed as a manufacturer or dealer rebate if the rebate is provided at the time of purchase and is applied to the purchase of the motor vehicle;

(b) Any interest payments to be made over the life of a loan for the purchase of a motor vehicle; and

(c) The value of any items that are not equipment or accessories including but not limited to extended warranties, service contracts, and items that are given away as part of a promotional sales campaign;

(10) "Trade-in allowance" means***:***

(a) The value assigned by the seller of a motor vehicle to a motor vehicle ***registered to the purchaser and*** offered in trade by the purchaser as part of

the total consideration given by the purchaser and included in the notarized affidavit attesting to total consideration given; ***or***

(b) In the absence of a notarized affidavit, the value of the vehicle being offered in trade as established by the department through the use of the reference manual;

(11) "Used motor vehicle" means a motor vehicle which has been previously registered in any state or country;

(12) ***(a)*** "Retail price" [~~of motor vehicles shall be determined as follows:~~

~~(a)~~]for***:***

1. New ***motor vehicles;***[~~,~~]

2. Dealer demonstrator ***vehicles;***[~~,~~]

3. Previous model year motor vehicles***;*** and

4. U-Drive-It motor vehicles that have been transferred within one hundred eighty (180) days of being registered as a U-Drive-It and that have less than five thousand (5,000) miles***;***[~~, "retail price"~~]

means[~~ shall be~~] the total consideration given[~~ at the time of purchase or at a later date~~], including any trade-in allowance***,*** as attested to in a notarized affidavit.

(b) If a notarized affidavit[~~ signed by both the buyer and seller~~] is not available[~~ to establish total consideration given~~], "retail price" ***means***[~~shall be~~]:

1. Ninety percent (90%) of the manufacturer's suggested retail price of the vehicle with all equipment and accessories, standard and optional, and transportation charges; or

2. Eighty-one percent (81%) of the manufacturer's suggested retail price of the vehicle with all equipment and accessories, standard and optional, and transportation charges in the case of new trucks of gross weight in excess of ten thousand (10,000) pounds***.***[~~; and~~]

1 *(c)*[~~3.~~] "Retail price" shall not include that portion of the price of the vehicle
2 attributable to equipment or adaptive devices necessary to facilitate or
3 accommodate an operator or passenger with physical disabilities;
4 *(13)*[~~(b)~~] ***"Retail price"*** for historic motor vehicles[~~, "retail price"~~] shall be one
5 hundred dollars ($100);
6 *(14)*[~~(c)~~] ***"Retail price"*** for used motor vehicles being registered by a new resident for
7 the first time in Kentucky whose values appear in the[~~ automotive~~] reference
8 manual ***means***[~~ prescribed by the Department of Revenue, "retail price" shall be~~]
9 the[~~ average~~] trade-in value given in the reference manual;
10 *(15)*[~~(d)~~] ***"Retail price"*** for[~~ the~~] older used motor vehicles being registered by a new
11 resident for the first time in Kentucky whose values no longer appear in the[
12 ~~automotive~~] reference manual[~~, "retail price"~~] shall be one hundred dollars ($100);
13 *(16)*[~~(e)~~] [~~For used motor vehicles previously registered in another state or country that~~
14 ~~were purchased out of state by a Kentucky resident who is registering the vehicle in~~
15 ~~Kentucky for the first time, "retail price" shall be the total consideration given at the~~
16 ~~time of purchase or at a later date, including the average trade-in value given in the~~
17 ~~automotive reference manual prescribed by the Department of Revenue for any~~
18 ~~vehicle given in trade;~~]
19 *(a)*[~~(f)~~] ***"Retail price***" for***:***
20 ***1.*** Used motor vehicles***, except those vehicles for which the retail price is***
21 ***established in subsection (13), (14), or (15) of this section;***[~~ previously~~
22 ~~registered in Kentucky that are sold in Kentucky,~~] and
23 ***2.*** U-Drive-It motor vehicles that are not transferred within one hundred
24 eighty (180) days of being registered as a U-Drive-It or that have more
25 than five thousand (5,000) miles***;***[~~, "retail price"~~]
26 means the total consideration given, excluding any amount allowed as a trade-
27 in allowance by the seller.

1 ***(b)*** The trade-in allowance shall ***also*** be disclosed in the notarized affidavit[
2 ~~signed by the buyer and the seller attesting to the total consideration given~~].
3 ***(c)*** If a notarized affidavit[~~ signed by both the buyer and the seller~~] is not
4 available[~~ to establish the total consideration given for a motor vehicle~~],
5 "retail price" shall be established by the department[~~ of Revenue~~] through the
6 use of the[~~ automotive~~] reference manual[~~ prescribed by the Department of~~
7 ~~Revenue~~];
8 ***(17)***[~~(g)~~] Except as provided in KRS 138.470(6), if a motor vehicle is received by an
9 individual as a gift and not purchased or leased by the individual, "retail price" shall
10 be the[~~ average~~] trade-in value given in the[~~ automotive~~] reference manual[
11 ~~prescribed by the Department of Revenue~~];
12 ***(18)***[~~(h)~~] If a dealer transfers a motor vehicle which he has registered as a loaner or
13 rental motor vehicle within one hundred eighty (180) days of the registration, and if
14 less than five thousand (5,000) miles have been placed on the vehicle during the
15 period of its registration as a loaner or rental motor vehicle, then the "retail price" of
16 the vehicle shall be the same as the retail price determined by paragraph (a) of[~~ this~~]
17 subsection ***(12) of this section*** computed as of the date on which the vehicle is
18 transferred;[~~ and~~]
19 ***(19)***[~~(13)~~] "Loaner or rental motor vehicle" means a motor vehicle owned or registered
20 by a dealer and which is regularly loaned or rented to customers of the service or
21 repair component of the dealership***;***
22 ***(20) "Department" means the Department of Revenue;***
23 ***(21) "Notarized affidavit" means a dated affidavit signed by the buyer and the seller***
24 ***on which the signature of the buyer and the signature of the seller are***
25 ***individually notarized; and***
26 ***(22) "Reference manual" means the automotive reference manual prescribed by the***
27 ***department***.

1 Section 4. KRS 138.460 is amended to read as follows:
2 (1) A tax levied upon its retail price at the rate of six percent (6%) shall be paid on the
3 use in this state of every motor vehicle, except those exempted by KRS 138.470, at
4 the time and in the manner provided in this section.
5 (2) The tax shall be collected by the county clerk or other officer with whom the
6 vehicle is required to be titled or registered:
7 (a) When the fee for titling or registering a motor vehicle the first time it is
8 offered for titling or registration in this state is collected; or
9 (b) Upon the transfer of title or registration of any motor vehicle previously titled
10 or registered in this state.
11 (3) The tax imposed by subsection (1) of this section and collected under subsection (2)
12 of this section shall not be collected if the owner provides to the county clerk a
13 signed affidavit of nonhighway use, on a form provided by the department, attesting
14 that the vehicle will not be used on the highways of the Commonwealth. If this type
15 of affidavit is provided, the clerk shall, in accordance with the provisions of KRS
16 Chapter 139, immediately collect the applicable sales and use tax due on the
17 vehicle.
18 (4) (a) The tax collected by the county clerk under this section shall be reported and
19 remitted to the department~~[of Revenue]~~ on forms ***prescribed and*** provided by
20 the department~~[and on those forms as the department may prescribe]~~. The
21 department shall provide each county clerk affidavit forms which the clerk
22 shall provide to the public free of charge to carry out the provisions of KRS
23 138.450 and subsection (3) of this section. The county clerk shall for his
24 services in collecting the tax be entitled to retain an amount equal to three
25 percent (3%) of the tax collected and accounted for.
26 (b) The sales and use tax collected by the county clerk under subsection (3) of this
27 section shall be reported and remitted to the department on forms which the

1 department shall prescribe and provide at no cost. The county clerk shall, for
2 his or her services in collecting the tax, be entitled to retain an amount equal
3 to three percent (3%) of the tax collected and accounted for.
4 (c) Motor vehicle dealers licensed pursuant to KRS Chapter 190 shall not owe or
5 be responsible for the collection of sales and use tax due under subsection (3)
6 of this section.
7 (5) A county clerk or other officer shall not title, register or issue any license tags to the
8 owner of any motor vehicle subject to the tax imposed by subsection (1) of this
9 section or the tax imposed by KRS Chapter 139, when the vehicle is being offered
10 for titling or registration for the first time, or transfer the title of any motor vehicle
11 previously registered in this state, unless the owner or his agent pays the tax levied
12 under subsection (1) of this section or the tax imposed by KRS Chapter 139, if
13 applicable, in addition to any title, registration, or license fees.
14 (6) (a) When a person offers a motor vehicle:
15 1. For titling on or after March 20, 2005; or
16 2. For registration;
17 for the first time in this state which was registered in another state that levied
18 a tax substantially identical to the tax levied under this section, the person
19 shall be entitled to receive a credit against the tax imposed by this section
20 equal to the amount of tax paid to the other state. A credit shall not be given
21 under this subsection for taxes paid in another state if that state does not grant
22 similar credit for substantially identical taxes paid in this state.
23 (b) When a resident of this state offers a motor vehicle for registration for the first
24 time in this state:
25 1. Upon which the Kentucky sales and use tax was paid by the resident
26 offering the motor vehicle for registration at the time of titling under
27 subsection (3) of this section; and

2. For which the resident provides proof that the tax was paid;

a nonrefundable credit shall be given against the tax imposed by subsection (1) of this section for the sales and use tax paid.

(7) ***(a)*** A county clerk or other officer shall not title, register, or issue any license tags to the owner of any motor vehicle subject to this tax, when the vehicle is then being offered for titling or registration for the first time, unless the seller or his agent delivers to the county clerk a notarized affidavit, if required, and available under KRS 138.450 attesting to the total and actual consideration paid or to be paid for the motor vehicle.

(b) If a notarized affidavit is not available, the clerk shall follow the procedures under KRS 138.450(12)***(b)***[~~(a)~~] for new vehicles, and KRS 138.450***(14)***[~~(12)(c), (d),~~] or ***(15)***[~~(e)~~] for used vehicles.

(c) The clerk shall attach the notarized affidavit, if available, or other documentation attesting to the retail price of the vehicle as the department[~~ of Revenue~~] may prescribe by administrative regulation promulgated under KRS Chapter 13A to the copy of the certificate of registration and application for title mailed to the department.

(8) Notwithstanding the provisions of KRS 138.450, the tax shall not be less than six dollars ($6) upon titling or first registration of a motor vehicle in this state, except where the vehicle is exempt from tax under KRS 138.470 or 154.45-090.

(9) Where a motor vehicle is sold by a dealer in this state and the purchaser returns the vehicle for any reason to the same dealer within sixty (60) days for a vehicle replacement or a refund of the purchase price, the purchaser shall be entitled to a refund of the amount of usage tax received by the department[~~ of Revenue~~] as a result of the registration of the returned vehicle. In the case of a new motor vehicle, the registration of the returned vehicle shall be canceled and the vehicle shall be considered to have not been previously registered in Kentucky when resold by the

1 dealer.

2 (10) When a manufacturer refunds the retail purchase price or replaces a new motor
3 vehicle for the original purchaser within ninety (90) days because of malfunction or
4 defect, the purchaser shall be entitled to a refund of the amount of motor vehicle
5 usage tax received by the department[~~ of Revenue~~] as a result of the first titling or
6 registration. A person shall not be entitled to a refund unless the person has filed
7 with the department[~~ of Revenue~~] a report from the manufacturer identifying the
8 vehicle that was replaced and stating the date of replacement.

9 (11) Notwithstanding the time limitations of subsections (9) and (10) of this section,
10 when a dealer or manufacturer refunds the retail purchase price or replaces a motor
11 vehicle for the purchaser as a result of formal arbitration or litigation, or, in the case
12 of a manufacturer, because ordered to do so by a dispute resolution system
13 established under KRS 367.865 or 16 C.F.R. 703, the purchaser shall be entitled to
14 a refund of the amount of motor vehicle usage tax received by the department[~~ of~~
15 ~~Revenue~~] as a result of the titling or registration. A person shall not be entitled to a
16 refund unless the person files with the department[~~ of Revenue~~] a report from the
17 dealer or manufacturer identifying the vehicle that was replaced.

18 Section 5. KRS 138.4605 is amended to read as follows:

19 (1) A motor vehicle dealer who operates a service or repair component in his dealership
20 may register a motor vehicle to be used exclusively as a loaner or rental motor
21 vehicle to the customers of this service or repair department. The dealer may pay
22 usage tax on the loaner or rental motor vehicle as provided in KRS 138.460, or,
23 subject to the provisions of this section, may pay a usage tax of twenty-five dollars
24 ($25) per month on the loaner or rental motor vehicle.

25 (2) A dealer shall pay the usage tax on a loaner or rental motor vehicle in the manner
26 provided by KRS 138.460 unless the dealer shows to the satisfaction of the
27 Department of Revenue that he is regularly engaged in the servicing or repair of

1 motor vehicles and loans or rents the loaner or rental motor vehicle to a retail
2 customer while the customer's motor vehicle is at the dealership for repair or
3 service.
4 (3) For a dealer to be eligible to pay the usage tax on a loaner or rental motor vehicle
5 under this section, the dealer shall identify the motor vehicle as a loaner or rental
6 motor vehicle to the Department of Revenue and shall maintain records, as required
7 by the Department of Revenue, which show all uses of the loaner or rental motor
8 vehicle.
9 (4) The tax due under subsection (1) of this section shall be remitted to the Department
10 of Revenue monthly on forms prescribed by and in accordance with administrative
11 regulations promulgated by the department.
12 (5) Failure of a motor vehicle dealer to remit the taxes applicable to a loaner or rental
13 motor vehicle under this section shall be sufficient cause for the Department of
14 Revenue to revoke the authority to use that motor vehicle as a loaner or rental motor
15 vehicle and cause the usage tax on that motor vehicle to be due and payable in
16 accordance with KRS 138.460 on the retail price of that motor vehicle when it was
17 first registered as a loaner or rental motor vehicle.
18 (6) A motor vehicle no longer covered under the loaner permit program shall be taxed
19 in the same manner as motor vehicles under KRS 138.450(12) ***or (16)***.
20 Section 6. KRS 138.464 is amended to read as follows:
21 ***(1)*** The county clerk shall report each Monday to the department~~[of Revenue]~~ all
22 moneys collected during the previous week, together with a duplicate of all receipts
23 issued by him during the same period.
24 ***(2)*** The clerk shall deposit motor vehicle usage tax collections not later than the next
25 business day following receipt in a Commonwealth of Kentucky, department~~[of~~
26 ~~Revenue]~~ account in a bank designated as a depository for state funds. The clerk
27 may be required to then cause the funds to be transferred from the local depository

1 bank to the State Treasury in whatever manner and at times prescribed by the
2 commissioner of the department~~[of Revenue]~~ or his designee.
3 ***(3)*** Failure to forward duplicates of all receipts issued during the reporting period or
4 failure to file the weekly report of moneys collected ***within seven (7) working days***
5 ***after the report is due*** shall subject the clerk to a penalty of two and one-half
6 percent (2.5%) of the amount of moneys collected during the reporting period for
7 each month or fraction thereof until the documents are filed.
8 ***(4)*** Failure to deposit or, if required, transfer collections as required above shall subject
9 the clerk to a penalty of two and one-half percent (2.5%) of the amount not
10 deposited or, if required, not transferred for each day until the collections are
11 deposited or transferred as required above. The penalty for failure to deposit or
12 transfer money collected shall not be less than fifty dollars ($50) nor more than five
13 hundred dollars ($500) per day.
14 ***(5)*** The penalties provided in this section shall not apply if the failure of the clerk is due
15 to reasonable cause.
16 ***(6)*** The department may in its discretion grant a county clerk a reasonable extension of
17 time to file his report or make any transfer of deposits as required above. The
18 extension, however, must be requested prior to the end of the seven (7) day period
19 and shall begin to run at the end of said period.
20 ***(7)*** All penalties collected under this provision shall be paid into the State Treasury as a
21 part of the revenue collected under KRS 138.450 to 138.729.
22 SECTION 7. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO
23 READ AS FOLLOWS:
24 ***(1) Notwithstanding KRS 139.340, a commercial printer or mailer engaged in***
25 ***business in this state shall not be required to collect use tax on sales of printing***
26 ***or direct mail advertising materials that are both printed out of state and***
27 ***delivered out of state to the United States Postal Service for mass mailing to third-***

1 ***party Kentucky residents who are not purchasers of the advertising materials if***
2 ***the commercial printers or mailers:***
3 ***(a) Maintain records relating to those sales to assist the department in the***
4 ***collection of use tax; and***
5 ***(b) File reports as provided by KRS 139.730 if requested by the department.***
6 ***(2) If the commercial printer or mailer complies with the provisions of subsection (1)***
7 ***of this section, the purchaser of the printing or direct mail advertising materials***
8 ***shall have the sole responsibility for reporting and paying the use tax imposed by***
9 ***KRS 139.310.***
10 Section 8. KRS 387.025 is amended to read as follows:
11 (1) Any interested person or entity may petition the District Court for the appointment
12 of a guardian or limited guardian for an unmarried minor.
13 (2) Any interested person or entity may petition the District Court for appointment of a
14 conservator for a minor who owns real or personal property, or both, requiring
15 management or protection or who has or may have business interests that may be
16 jeopardized or prevented by minority, or who needs a conservator to settle or
17 compromise claims.
18 (3) The petition for appointment shall set forth the following:
19 (a) The name and address of the minor;
20 (b) The date of birth of the minor;
21 (c) The name and address of the minor's spouse, if any;
22 (d) The names and addresses of the minor's parents, or if the minor has no living
23 parent, the names and addresses of the minor's adult next of kin;
24 (e) The name and address of the individual or facility having custody of the
25 minor;
26 (f) The facts and reasons supporting the need for a guardianship, limited
27 guardianship, or conservatorship for the minor;

1 (g) A description and approximation of the value of the minor's real and personal
2 property and other financial resources, including government benefits,
3 insurance entitlements, and anticipated yearly income;
4 (h) The name and address of the petitioner;
5 (i) The name and address of the petitioner's attorney, if any; and
6 (j) The name and address of the person or entity desiring appointment as
7 guardian, limited guardian, or conservator.
8 (4) The petition shall be accompanied by a verified application of the person or entity
9 desiring appointment as guardian, limited guardian, or conservator. The application
10 shall set forth the following:
11 (a) Name, address, and age of the applicant;
12 (b) The applicant's relationship to the minor, if any;
13 (c) Whether or not the applicant has ever been convicted of a crime; and
14 (d) The applicant's qualifications to serve as guardian, limited guardian, or
15 conservator.
16 (5) ~~[A duplicate copy of the petition and application shall be mailed by the clerk to the~~
17 ~~commissioner of the Department of Revenue.]~~The District Court shall appoint a
18 time for hearing the petition and application. Notice of the time and place of the
19 hearing shall be given not less than five (5) days prior to the hearing to the minor, if
20 the minor is more than fourteen (14) years of age, and to each of the persons or
21 entities required to be named in the petition. Proof of notice shall be made in
22 accordance with the provisions of KRS 395.016. Notice may be waived as provided
23 in KRS 395.016.
24 Section 9. KRS 138.224 is amended to read as follows:
25 It shall be presumed that all untaxed motor fuels are subject to the tax levied under KRS
26 138.220 unless the contrary is established pursuant to KRS 138.210 to ***138.490***~~[138.500]~~
27 or administrative regulations promulgated thereunder by the department~~[of Revenue]~~.

1 The tax shall be paid by the licensed dealer to the department. The burden of proving that
2 any motor fuel is not subject to tax shall be upon the dealer or any person who imports,
3 causes to be imported, receives, uses, sells, stores, or possesses untaxed motor fuel in this
4 state. Any dealer or other person who imports, causes to be imported, receives, uses, sells,
5 stores, or possesses untaxed motor fuels but fails to comply with all statutory and
6 regulatory restrictions applicable to the fuel shall be jointly and severally liable for
7 payment of the tax due on the fuel. A person's liability shall not be extinguished until the
8 tax due has been paid to the department.

9 Section 10. KRS 138.226 is amended to read as follows:

10 (1) The department shall administer the taxes provided under KRS 138.210 to
11 ***138.490***[~~138.500~~], except KRS 138.463 and 138.4631 and may prescribe, adopt and
12 enforce administrative regulations relating to the administration and enforcement
13 thereof.

14 (2) The department shall, upon the request of the officials to whom are entrusted the
15 enforcement of the motor fuels tax law of any other state, the United States, the
16 provinces of the Dominion of Canada, forward to such officials any information
17 which it may have relative to the manufacture, receipt, sale, use, transportation,
18 shipment or delivery by any person of motor fuels, provided such other state or
19 states provide for the furnishing of like information to this state.

20 Section 11. KRS 138.270 is amended to read as follows:

21 (1) (a) From the total number of gallons of gasoline and special fuel received by the
22 dealer within this state during the next preceding calendar month, deductions
23 shall be made for the total number of gallons received by the dealer within this
24 state that were sold or otherwise disposed of during the next preceding
25 calendar month as set forth in subsection (2) of KRS 138.240.

26 (b) To cover evaporation, shrinkage, unaccountable losses, collection costs, bad
27 debts, and handling and reporting the tax, each dealer shall be allowed

1 compensation equal to two and one-fourth percent (2.25%) of the net tax due
2 the Commonwealth pursuant to KRS 138.210 to ***138.490***[~~138.500~~] before all
3 allowable tax credits, except the credit authorized pursuant to KRS 138.358.
4 No compensation shall be allowed if the completed tax return and payment are
5 not submitted to the department[~~ of Revenue~~] within the time prescribed by
6 KRS 138.210 to ***138.490***[~~138.500~~].
7 (2) The tax imposed by KRS 138.220(1) and (2) shall be computed on the number of
8 gallons remaining after the deductions set forth in subsection (1) of this section
9 have been made, and shall constitute the amount of tax payable for the next
10 preceding calendar month.
11 (3) Notwithstanding any other provision of this chapter to the contrary, any person who
12 shall remit to the department, by the twenty-fifth day of the next month, an
13 estimated tax due amount equal to not less than ninety-five percent (95%) of his tax
14 liability, as finally determined for the report month, shall not be required to file the
15 monthly reports required by this chapter until the last day of the month following
16 the report month, and shall be permitted to claim as a credit against the tax liability
17 shown due on the report the estimated tax due amount so paid.
18 Section 12. KRS 138.344 is amended to read as follows:
19 (1) Except as otherwise provided in KRS 138.220 to ***138.490***[~~138.500~~], any person
20 who shall purchase gasoline or special fuel, on which the tax as imposed by KRS
21 138.220 has been paid, for the purpose of operating or propelling stationary engines
22 or tractors for agricultural purposes, or who shall purchase special fuels, on which
23 the tax as imposed by KRS 138.220 has been paid, for consumption in unlicensed
24 vehicles or equipment for nonhighway purposes shall be reimbursed for the tax so
25 paid on the gasoline or special fuel. No refund shall be authorized unless
26 applications and all necessary information are filed with the department on a
27 calendar quarter or calendar year basis on forms and in the manner prescribed by it

1 for refund of the tax paid on the fuel. In lieu of the tax refund procedure, the tax on
2 special fuels and the tax on gasoline used for the purpose of operating or propelling
3 stationary engines or tractors for agricultural purposes may be credited by the dealer
4 to the purchaser as provided in KRS 138.358. The dealer and the purchases shall be
5 subject to the same rules, conditions, and responsibilities as provided in KRS
6 138.344 to 138.355. The tax shall be refunded with interest at the tax interest rate as
7 defined in KRS 131.010(6).
8 (2) The information to be required from the permit holder, by the department, in order
9 that the refund may be allowed, shall be as follows:
10 (a) Name and address of permit holder .... permit number .....
11 (b) Total number of gallons purchased .... and total purchase price ..... (Invoices to
12 be attached to refund application.)
13 (c) Total number of gallons used on highways .....
14 (d) Total number of gallons on which refund is claimed ..... (Line b minus line c.)
15 (e) Other information as the department may require to reasonably protect the
16 revenues of the Commonwealth.
17 Section 13. KRS 141.010 is amended to read as follows:
18 As used in this chapter, unless the context requires otherwise:
19 (1) "Commissioner" means the commissioner of the Department of Revenue;
20 (2) "Department" means the Department of Revenue;
21 (3) "Internal Revenue Code" means the Internal Revenue Code in effect on December
22 31, 2004, exclusive of any amendments made subsequent to that date, other than
23 amendments that extend provisions in effect on December 31, 2004, that would
24 otherwise terminate, and as modified by KRS 141.0101, except that for property
25 placed in service after September 10, 2001, only the depreciation and expense
26 deductions allowed under Sections 168 and 179 of the Internal Revenue Code in
27 effect on December 31, 2001, exclusive of any amendments made subsequent to

1 that date, shall be allowed, and including the provisions of the Military Family Tax
2 Relief Act of 2003, Pub. L. No. 108-121, effective on the dates specified in that
3 Act;
4 (4) "Dependent" means those persons defined as dependents in the Internal Revenue
5 Code;
6 (5) "Fiduciary" means "fiduciary" as defined in Section 7701(a)(6) of the Internal
7 Revenue Code;
8 (6) "Fiscal year" means "fiscal year" as defined in Section 7701(a)(24) of the Internal
9 Revenue Code;
10 (7) "Individual" means a natural person;
11 (8) "Modified gross income" means adjusted gross income as defined in Section 62 of
12 the Internal Revenue Code of 1986, including any subsequent amendments in effect
13 on December 31 of the taxable year, and adjusted as follows:
14 (a) Include interest income derived from obligations of sister states and political
15 subdivisions thereof; and
16 (b) Include lump-sum pension distributions taxed under the special transition
17 rules of Pub. L. No. 104-188, sec. 1401(c)(2);
18 (9) "Gross income" in the case of taxpayers other than corporations means "gross
19 income" as defined in Section 61 of the Internal Revenue Code;
20 (10) "Adjusted gross income" in the case of taxpayers other than corporations means
21 gross income as defined in subsection (9) of this section minus the deductions
22 allowed individuals by Section 62 of the Internal Revenue Code and as modified by
23 KRS 141.0101 and adjusted as follows, except that deductions shall be limited to
24 amounts allocable to income subject to taxation under the provisions of this chapter,
25 and except that nothing in this chapter shall be construed to permit the same item to
26 be deducted more than once:
27 (a) Exclude income that is exempt from state taxation by the Kentucky

1 Constitution and the Constitution and statutory laws of the United States and
2 Kentucky;
3 (b) Exclude income from supplemental annuities provided by the Railroad
4 Retirement Act of 1937 as amended and which are subject to federal income
5 tax by Public Law 89-699;
6 (c) Include interest income derived from obligations of sister states and political
7 subdivisions thereof;
8 (d) Exclude employee pension contributions picked up as provided for in KRS
9 6.505, 16.545, 21.360, 61.560, 65.155, 67A.320, 67A.510, 78.610, and
10 161.540 upon a ruling by the Internal Revenue Service or the federal courts
11 that these contributions shall not be included as gross income until such time
12 as the contributions are distributed or made available to the employee;
13 (e) Exclude Social Security and railroad retirement benefits subject to federal
14 income tax;
15 (f) Include, for taxable years ending before January 1, 1991, all overpayments of
16 federal income tax refunded or credited for taxable years;
17 (g) Deduct, for taxable years ending before January 1, 1991, federal income tax
18 paid for taxable years ending before January 1, 1990;
19 (h) Exclude any money received because of a settlement or judgment in a lawsuit
20 brought against a manufacturer or distributor of "Agent Orange" for damages
21 resulting from exposure to Agent Orange by a member or veteran of the
22 Armed Forces of the United States or any dependent of such person who
23 served in Vietnam;
24 (i) 1. For taxable years ending prior to December 31, 2005, exclude the
25 applicable amount of total distributions from pension plans, annuity
26 contracts, profit-sharing plans, retirement plans, or employee savings
27 plans.

The "applicable amount" shall be:

a. Twenty-five percent (25%), but not more than six thousand two hundred fifty dollars ($6,250), for taxable years beginning after December 31, 1994, and before January 1, 1996;

b. Fifty percent (50%), but not more than twelve thousand five hundred dollars ($12,500), for taxable years beginning after December 31, 1995, and before January 1, 1997;

c. Seventy-five percent (75%), but not more than eighteen thousand seven hundred fifty dollars ($18,750), for taxable years beginning after December 31, 1996, and before January 1, 1998; and

d. One hundred percent (100%), but not more than thirty-five thousand dollars ($35,000), for taxable years beginning after December 31, 1997.

2. For taxable years beginning after December 31, 2005, exclude up to forty-one thousand one hundred ten dollars ($41,110) of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings plans.

3. As used in this paragraph:

a. "Distributions" includes, but is not limited to, any lump-sum distribution from pension or profit-sharing plans qualifying for the income tax averaging provisions of Section 402 of the Internal Revenue Code; any distribution from an individual retirement account as defined in Section 408 of the Internal Revenue Code; and any disability pension distribution;

b. "Annuity contract" has the same meaning as set forth in Section 1035 of the Internal Revenue Code; and

c. "Pension plans, profit-sharing plans, retirement plans, or employee

1 savings plans" means any trust or other entity created or organized
2 under a written retirement plan and forming part of a stock bonus,
3 pension, or profit-sharing plan of a public or private employer for
4 the exclusive benefit of employees or their beneficiaries and
5 includes plans qualified or unqualified under Section 401 of the
6 Internal Revenue Code and individual retirement accounts as
7 defined in Section 408 of the Internal Revenue Code;
8 (j) 1. a. Exclude the portion of the distributive share of a shareholder's net
9 income from an S corporation subject to the franchise tax imposed
10 under KRS 136.505 or the capital stock tax imposed under KRS
11 136.300; and
12 b. Exclude the portion of the distributive share of a shareholder's net
13 income from an S corporation related to a qualified subchapter S
14 subsidiary subject to the franchise tax imposed under KRS
15 136.505 or the capital stock tax imposed under KRS 136.300.
16 2. The shareholder's basis of stock held in a S corporation where the S
17 corporation or its qualified subchapter S subsidiary is subject to the
18 franchise tax imposed under KRS 136.505 or the capital stock tax
19 imposed under KRS 136.300 shall be the same as the basis for federal
20 income tax purposes;
21 (k) Exclude for taxable years beginning after December 31, 1998, to the extent
22 not already excluded from gross income, any amounts paid for health
23 insurance, or the value of any voucher or similar instrument used to provide
24 health insurance, which constitutes medical care coverage for the taxpayer, the
25 taxpayer's spouse, and dependents during the taxable year. Any amounts paid
26 by the taxpayer for health insurance that are excluded pursuant to this
27 paragraph shall not be allowed as a deduction in computing the taxpayer's net

1 income under subsection (11) of this section;
2 (l) Exclude income received for services performed as a precinct worker for
3 election training or for working at election booths in state, county, and local
4 primary, regular, or special elections;
5 (m) Exclude any amount paid during the taxable year for insurance for long-term
6 care as defined in KRS 304.14-600;
7 (n) Exclude any capital gains income attributable to property taken by eminent
8 domain;
9 (o) Exclude any amount received by a producer of tobacco or a tobacco quota
10 owner from the multistate settlement with the tobacco industry, known as the
11 Master Settlement Agreement, signed on November 22, 1998;
12 (p) Exclude any amount received from the secondary settlement fund, referred to
13 as "Phase II," established by tobacco companies to compensate tobacco
14 farmers and quota owners for anticipated financial losses caused by the
15 national tobacco settlement;
16 (q) Exclude any amount received from funds of the Commodity Credit
17 Corporation for the Tobacco Loss Assistance Program as a result of a
18 reduction in the quantity of tobacco quota allotted;
19 (r) Exclude any amount received as a result of a tobacco quota buydown program
20 that all quota owners and growers are eligible to participate in; and
21 (s) Exclude state Phase II payments received by a producer of tobacco or a
22 tobacco quota owner;
23 (11) "Net income" in the case of taxpayers other than corporations means adjusted gross
24 income as defined in subsection (10) of this section, minus the standard deduction
25 allowed by KRS 141.081, or, at the option of the taxpayer, minus the deduction
26 allowed by KRS 141.0202, minus any amount paid for vouchers or similar
27 instruments that provide health insurance coverage to employees or their families,

1 and minus all the deductions allowed individuals by Chapter 1 of the Internal
2 Revenue Code as modified by KRS 141.0101 except those listed below, except that
3 deductions shall be limited to amounts allocable to income subject to taxation under
4 the provisions of this chapter and that nothing in this chapter shall be construed to
5 permit the same item to be deducted more than once:
6 (a) Any deduction allowed by the Internal Revenue Code for state or foreign taxes
7 measured by gross or net income, including state and local general sales taxes
8 allowed in lieu of state and local income taxes under the provisions of Section
9 164(b)(5) of the Internal Revenue Code;
10 (b) Any deduction allowed by the Internal Revenue Code for amounts allowable
11 under KRS 140.090(1)(h) in calculating the value of the distributive shares of
12 the estate of a decedent, unless there is filed with the income return a
13 statement that such deduction has not been claimed under KRS 140.090(1)(h);
14 (c) The deduction for personal exemptions allowed under Section 151 of the
15 Internal Revenue Code and any other deductions in lieu thereof; and
16 (d) Any deduction for amounts paid to any club, organization, or establishment
17 which has been determined by the courts or an agency established by the
18 General Assembly and charged with enforcing the civil rights laws of the
19 Commonwealth, not to afford full and equal membership and full and equal
20 enjoyment of its goods, services, facilities, privileges, advantages, or
21 accommodations to any person because of race, color, religion, national
22 origin, or sex, except nothing shall be construed to deny a deduction for
23 amounts paid to any religious or denominational club, group, or establishment
24 or any organization operated solely for charitable or educational purposes
25 which restricts membership to persons of the same religion or denomination in
26 order to promote the religious principles for which it is established and
27 maintained;

1 (12) "Gross income," in the case of corporations, means "gross income" as defined in
2 Section 61 of the Internal Revenue Code and as modified by KRS 141.0101 and
3 adjusted as follows:
4 (a) Exclude income that is exempt from state taxation by the Kentucky
5 Constitution and the Constitution and statutory laws of the United States;
6 (b) Exclude all dividend income received after December 31, 1969;
7 (c) Include interest income derived from obligations of sister states and political
8 subdivisions thereof;
9 (d) Exclude fifty percent (50%) of gross income derived from any disposal of coal
10 covered by Section 631(c) of the Internal Revenue Code if the corporation
11 does not claim any deduction for percentage depletion, or for expenditures
12 attributable to the making and administering of the contract under which such
13 disposition occurs or to the preservation of the economic interests retained
14 under such contract;
15 (e) Include in the gross income of lessors income tax payments made by lessees
16 to lessors, under the provisions of Section 110 of the Internal Revenue Code,
17 and exclude such payments from the gross income of lessees;
18 (f) Include the amount calculated under KRS 141.205;
19 (g) Ignore the provisions of Section 281 of the Internal Revenue Code in
20 computing gross income;
21 (h) Exclude income from "safe harbor leases" (Section 168(f)(8) of the Internal
22 Revenue Code);
23 (i) Exclude any amount received by a producer of tobacco or a tobacco quota
24 owner from the multistate settlement with the tobacco industry, known as the
25 Master Settlement Agreement, signed on November 22, 1998;
26 (j) Exclude any amount received from the secondary settlement fund, referred to
27 as "Phase II," established by tobacco companies to compensate tobacco

1 farmers and quota owners for anticipated financial losses caused by the
2 national tobacco settlement;
3 (k) Exclude any amount received from funds of the Commodity Credit
4 Corporation for the Tobacco Loss Assistance Program as a result of a
5 reduction in the quantity of tobacco quota allotted;
6 (l) Exclude any amount received as a result of a tobacco quota buydown program
7 that all quota owners and growers are eligible to participate in;
8 (m) Exclude the distributive share income or loss received from a corporation
9 subject to the tax imposed by KRS 141.040 ; and
10 (n) Exclude state Phase II payments received by a producer of tobacco or a
11 tobacco quota owner;
12 (13) "Net income," in the case of corporations, means "gross income" as defined in
13 subsection (12) of this section minus the deduction allowed by KRS 141.0202,
14 minus any amount paid for vouchers or similar instruments that provide health
15 insurance coverage to employees or their families, and minus all the deductions
16 from gross income allowed corporations by Chapter 1 of the Internal Revenue Code
17 and as modified by KRS 141.0101, except the following:
18 (a) Any deduction for a state tax which is computed, in whole or in part, by
19 reference to gross or net income and which is paid or accrued to any state of
20 the United States, the District of Columbia, the Commonwealth of Puerto
21 Rico, any territory or possession of the United States, or to any foreign
22 country or political subdivision thereof;
23 (b) The deductions contained in Sections 243, 244, 245, and 247 of the Internal
24 Revenue Code;
25 (c) The provisions of Section 281 of the Internal Revenue Code shall be ignored
26 in computing net income;
27 (d) Any deduction directly or indirectly allocable to income which is either

1 exempt from taxation or otherwise not taxed under the provisions of this
2 chapter, and nothing in this chapter shall be construed to permit the same item
3 to be deducted more than once;
4 (e) Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of the
5 Internal Revenue Code);
6 (f) Any deduction for amounts paid to any club, organization, or establishment
7 which has been determined by the courts or an agency established by the
8 General Assembly and charged with enforcing the civil rights laws of the
9 Commonwealth, not to afford full and equal membership and full and equal
10 enjoyment of its goods, services, facilities, privileges, advantages, or
11 accommodations to any person because of race, color, religion, national
12 origin, or sex, except nothing shall be construed to deny a deduction for
13 amounts paid to any religious or denominational club, group, or establishment
14 or any organization operated solely for charitable or educational purposes
15 which restricts membership to persons of the same religion or denomination in
16 order to promote the religious principles for which it is established and
17 maintained; and
18 (g) Any deduction prohibited by KRS 141.205;
19 (14) (a) "Taxable net income," in the case of corporations that are taxable in this state,
20 means "net income" as defined in subsection (13) of this section;
21 (b) "Taxable net income," in the case of corporations that are taxable in this state
22 and taxable in another state, means "net income" as defined in subsection (13)
23 of this section and as allocated and apportioned under KRS 141.120. A
24 corporation is taxable in another state if, in any state other than Kentucky, the
25 corporation is required to file a return for or pay a net income tax, franchise
26 tax measured by net income, franchise tax for the privilege of doing business,
27 or corporate stock tax;

(c) "Taxable net income" in the case of homeowners' associations as defined in Section 528(c) of the Internal Revenue Code, means "taxable income" as defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the provisions of subsection (3) of this section, the Internal Revenue Code sections referred to in this paragraph shall be those code sections in effect for the applicable tax year; and

(d) "Taxable net income" in the case of a corporation that meets the requirements established under Section 856 of the Internal Revenue Code to be a real estate investment trust, means "real estate investment trust taxable income" as defined in Section 857(b)(2) of the Internal Revenue Code;

(15) "Person" means "person" as defined in Section 7701(a)(1) of the Internal Revenue Code;

(16) "Taxable year" means the calendar year or fiscal year ending during such calendar year, upon the basis of which net income is computed, and in the case of a return made for a fractional part of a year under the provisions of this chapter or under regulations prescribed by the commissioner, "taxable year" means the period for which the return is made;

(17) "Resident" means an individual domiciled within this state or an individual who is not domiciled in this state, but maintains a place of abode in this state and spends in the aggregate more than one hundred eighty-three (183) days of the taxable year in this state;

(18) "Nonresident" means any individual not a resident of this state;

(19) "Employer" means "employer" as defined in Section 3401(d) of the Internal Revenue Code;

(20) "Employee" means "employee" as defined in Section 3401(c) of the Internal Revenue Code;

(21) "Number of withholding exemptions claimed" means the number of withholding

1 exemptions claimed in a withholding exemption certificate in effect under KRS
2 141.325, except that if no such certificate is in effect, the number of withholding
3 exemptions claimed shall be considered to be zero;
4 (22) "Wages" means "wages" as defined in Section 3401(a) of the Internal Revenue
5 Code and includes other income subject to withholding as provided in Section
6 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code;
7 (23) "Payroll period" means "payroll period" as defined in Section 3401(b) of the
8 Internal Revenue Code;
9 (24) "Corporations" means:
10 (a) "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue Code;
11 (b) S corporations as defined in Section 1361(a) of the Internal Revenue Code;
12 (c) A foreign limited liability company as defined in KRS 275.015(6);
13 (d) A limited liability company as defined in KRS 275.015(8);
14 (e) A professional limited liability company as defined in KRS 275.015(19);
15 (f) A foreign limited partnership as defined in KRS 362.401(4);
16 (g) A limited partnership as defined in KRS 362.401(7);
17 (h) A registered limited liability partnership as defined in KRS 362.155(7);
18 (i) A real estate investment trust as defined in Section 856 of the Internal
19 Revenue Code;
20 (j) A regulated investment company as defined in Section 851 of the Internal
21 Revenue Code;
22 (k) A real estate mortgage investment conduit as defined in Section 860D of the
23 Internal Revenue Code;
24 (l) A financial asset securitization investment trust as defined in Section 860L of
25 the Internal Revenue Code; and
26 (m) Other similar entities created with limited liability for their partners, members,
27 or shareholders.

1 "Corporation" shall not include any publicly traded partnership as defined by
2 Section 7704(b) of the Internal Revenue Code that is treated as a partnership for
3 federal tax purposes under Section 7704(c) of the Internal Revenue Code or its
4 publicly traded partnership affiliates. "Publicly traded partnership affiliates" shall
5 include any limited liability company or limited partnership for which at least eighty
6 percent (80%) of the limited liability company member interests or limited partner
7 interests are owned directly or indirectly by the publicly traded partnership;
8 (25) "Doing business in this state" includes but is not limited to:
9 (a) Being organized under the laws of this state;
10 (b) Having a commercial domicile in this state;
11 (c) Owning or leasing property in this state;
12 (d) Having one (1) or more individuals performing services in this state;
13 (e) Maintaining an interest in a general partnership doing business in this state;
14 (f) Deriving income from or attributable to sources within this state, including
15 deriving income directly or indirectly from a trust doing business in this state,
16 ***or deriving income directly or indirectly from a single member limited***
17 ***liability company that is doing business in this state and is disregarded as***
18 ***an entity separate from its single member for federal income tax purposes***;
19 or
20 (g) Directing activities at Kentucky customers for the purpose of selling them
21 goods or services.
22 Nothing in this subsection shall be interpreted in a manner that goes beyond the
23 limitations imposed and protections provided by the United States Constitution or
24 Pub. L. No. 86-272;
25 (26) "Cost of goods sold" means the cost of goods sold calculated using the same
26 method specified by the Internal Revenue Service for the purpose of computing
27 federal income tax. In determining cost of goods sold:

1 (a) Labor costs shall be limited to direct labor costs as defined in subsection (28)
2 of this section; and
3 (b) Bulk delivery costs as defined in subsection (29) of this section may be
4 included;
5 (27) "Kentucky gross profits" means Kentucky gross receipts reduced by returns and
6 allowances attributable to Kentucky gross receipts, less the cost of goods sold
7 attributable to Kentucky gross receipts;
8 (28) "Direct labor" means labor that is incorporated into the product sold or is an integral
9 part of the manufacturing process; and
10 (29) "Bulk delivery costs" means the cost of delivering the product to the consumer if the
11 product is delivered in bulk and requires specialized equipment that generally
12 precludes commercial shipping and is taxable under KRS 138.220.
13 Section 14. On page 41, line 18 of 2006 of 2006 Regular Session HB 380/EN,
14 delete "Drama Productions" and insert in lieu thereof "State Park Outdoor Theater".
15 Section 15. On page 58, line 20 of 2006 Regular Session HB 380/EN, delete
16 "$2,680,910,200" and insert in lieu thereof "$2,681,182,900", and delete
17 "$2,930,340,800" and insert in lieu thereof "$2,930,595,600".
18 Section 16. On page 61, line 27 of 2006 Regular Session HB 380/EN, delete
19 "$2,302,500" and insert in lieu thereof "$2,575,200" and delete "$2,076,400" and insert in
20 lieu thereof "$2,331,200".
21 Section 17. On page 62, lines 2 and 3 of 2006 Regular Session HB 380/EN, delete
22 "in fiscal year during or prior to fiscal year 2003-2004" and insert in lieu thereof "prior to
23 January 1, 2006".
24 Section 18. On page 161 of 2006 Regular Session HB 380/EN after line 2, insert
25 the following:
26 **"Parks Development Pool:** Included in the above Parks Development Pool are the
27 following capital projects in an amount not to exceed the following:

1 Big Bone Lick State Park	2,500,000
2 Cumberland Falls Resort Park Campground	5,000,000
3 Cumberland Falls Resort Park Golf Course	9,700,000
4 Dale Hollow Resort Park Pool/Villas/Condos/Cabins	7,900,000
5 E. P. "Tom" Sawyer State Park Convention Center	1,000,000
6 Fort Boonesborough State Park Land Acquisition	1,500,000
7 General Burnside State Park Golf and Lodge Infrastructure	7,250,000
8 Grayson Lake State Park Villas/Condos/Cabins/Pavilion	6,000,000
9 Green River Lake State Park Infrastructure/ Development Costs	4,000,000
10 Greenbo Lake Resort Park Cottages	1,000,000
11 Herrington Lake State Park Land Acquisition and Development	2,500,000
12 John James Audubon State Park Campground and Entrance	2,500,000
13 Kincaid Lake State Park Infrastructure	1,200,000
14 Lake Cumberland Resort Park Conference Center	6,000,000
15 Nolin Lake State Park Cottages	1,000,000
16 Yatesville Lake State Park Villas/Condos/Cabins/Pavilion	6,000,000".

17 Section 19. On page 240 of 2006 Regular Session HB 380/EN, delete lines 9
18 through 13 and insert in lieu thereof the following:

19 "001. Hancock County Fiscal Court -
20 Community Development
21 Restricted Funds 235,000 -0-",

22 and on line 14, delete "003." and insert in lieu thereof "002." and on line 17, delete
23 "004." and insert in lieu thereof "003.".

24 Section 20. On page 313, lines 10 and 11 of 2006 Regular Session HB 380/EN,
25 delete "Amphitheater/Park/Bridge Construction and Other Parks" and insert in lieu
26 thereof "City of Manchester - Capital Construction for City Parks - Amphitheater/Water
27 Slides/Other Tourism and Recreational Initiatives".

1 Section 21. On page 313, line 25 of 2006 Regular Session HB 380/EN, after
2 "Development," insert "Tourism Initiatives,".
3 Section 22. On page 329, line 10 of 2006 Regular Session HB 380/EN, delete
4 "820,000" and insert in lieu thereof "410,000".
5 Section 23. On page 329 of 2006 Regular Session HB 380/EN, after line 21, insert
6 the following:
7 "006. Menifee County Fiscal Court -
8 Myers Fork Water Line Extension
9 Bond Funds 410,000 -0-".
10 Section 24. On page 336, line 4 of 2006 Regular Session HB 380/EN, delete
11 "Caveland Environmental Authority" and insert in lieu thereof "Glasgow Water
12 Company".
13 Section 25. On page 336, line 8 of 2006 Regular Session HB 380/EN, delete
14 "Caveland Environmental Authority" and insert in lieu thereof "Glasgow Water
15 Company".
16 Section 26. On page 336, line 16 of 2006 Regular Session HB 380/EN, delete
17 "Caveland Environmental Authority" and insert in lieu thereof "Glasgow Water
18 Company".
19 Section 27. On page 350, line 20 of 2006 Regular Session HB 380/EN by deleting
20 "650,000" and inserting in lieu thereof "550,000".
21 Section 28. On page 350 of 2006 Regular Session HB 380/EN, by deleting all of
22 line 23 after "003." and all of line 24 and inserting in lieu thereof "City of Leitchfield-
23 Fountain View Subdivision- Waste Water Project", and on line 25 by deleting "750,000"
24 and inserting in lieu thereof "650,000".
25 Section 29. On page 351, line 10 of 2006 Regular Session HB 380/EN, by deleting
26 "137,300" and inserting in lieu thereof "337,300".
27 Section 30. On page 369, line 10 of 2006 Regular Session HB 380/EN, delete

1 "County" and insert in lieu thereof "Valley Waste".

2 Section 31. On page 375, line 10 of 2006 Regular Session HB 380/EN, delete "-
3 SX21229004- Jim Town".

4 Section 32. On page 382 of 2006 Regular Session HB 380/EN, delete lines 16
5 through 20 and insert in lieu thereof the following:

6 "001. Murray/Calloway Community Economic
7 Development Project - Site Acquisition
8 Bond Funds 250,000 -0-".

9 Section 33. On page 393 of 2006 Regular Session HB 380/EN, delete line 16 and
10 insert in lieu thereof the following:

11 "001. Hickman County - Community Development
12 Project Purchase of Trucking Facility
13 Including Office Area, Distribution Center,
14 and Acreage. This building will become a
15 Spec. Building"

16 Section 34. On page 394, line 8 of 2006 Regular Session HB 380/EN, delete
17 "250,000" and insert "200,000".

18 Section 35. On page 394, line 9 of 2006 Regular Session HB 380/EN, delete "City
19 of" and insert "Louisville Metro Government -".

20 Section 36. On page 394, line 12 of 2006 Regular Session HB 380/EN, delete
21 "City of" and insert "Louisville Metro Government -".

22 Section 37. On page 394, line 17 of 2006 Regular Session HB 380/EN, delete
23 "250,000" and insert in lieu thereof "200,000".

24 Section 38. On page 394, line 22 of 2006 Regular Session HB 380/EN, delete
25 "250,000" and insert in lieu thereof "200,000".

26 Section 39. On page 394, line 25 of 2006 Regular Session HB 380/EN, delete
27 "250,000" and insert in lieu thereof "200,000".

1 Section 40. On page 395, line 5 of 2006 Regular Session HB 380/EN, delete "city
2 of" and insert in lieu thereof "Louisville Metro Government -".
3 Section 41. On page 397 of 2006 Regular Session HB 380/EN, after line 4, by
4 inserting the following:
5 "029. City of St. Matthews - Infrastructure/Park
6 Improvements
7 Bond Funds 200,000 -0-".
8 Section 42. On page 408 line 3 of 2006 Regular Session HB 380/EN, delete
9 "150,000" and insert in lieu thereof "130,000".
10 Section 43. On page 408 of 2006 Regular Session HB 380/EN after line 11 by
11 inserting the following:
12 **"Spencer County**
13 001. Spencer County Board of Education-
14 Taylorsville Elementary School
15 Playground Equipment
16 General Fund -0- 20,000".
17 Section 44. On page 410, line 23 of 2006 Regular Session HB 380/EN, delete
18 "Washington County Fiscal Court" and insert in lieu thereof "City of Springfield".
19 Section 45. On page 410, lines 12 and 13 of 2006 Regular Session HB 380/EN,
20 delete "Warren County Community" and insert in lieu thereof "City of Woodburn".
21 Section 46. On page 454, line 2 of 2006 Regular Session HB 380/EN, after
22 "***receipts***" insert "***from doing business in this state***".
23 Section 47. On page 454, line 4 of 2006 Regular Session HB 380/EN, after
24 "***141.120(8)(c)***", insert"***, and "gross receipts from all sources within and without this***
25 ***state" means the denominator of the sales factor under the provisions of KRS***
26 ***141.120(8)(c)***".
27 Section 48. On page 623, lines 21 and 22, 2006 Regular Session HB 380/EN

1 delete "***product***" and insert in lieu thereof "***material***" and delete "***and likely to be offered***
2 ***to, or purchased by, consumers of roll-your-own tobacco***" and insert in lieu thereof "***by***
3 ***consumers to wrap or roll tobacco into the form of a cigarette***".
4 Section 49. On page 625, line 5 of 2006 Regular Session HB 380/EN, before
5 "***greater***" insert "***of***" and after "***greater***" insert "***or less***".
6 Section 50. On page 625, lines 6 and 7 of 2006 Regular Session HB 380/EN,
7 delete "***one and twenty-eight one-hundredths cents ($0.0128)***" and insert in lieu thereof
8 "***seventy-eight ten thousandths of one cent ($0.0078)***".
9 Section 51. On page 625 of 2006 Regular Session HB 380/EN, after line 9 insert
10 the following:
11 "***(d) The tax shall be paid only once, regardless of the number of times the***
12 ***cigarette paper may be sold in this state.***"
13 Section 52. On page 25, lines 24 and 25 of 2006 Regular Session HB 380/EN,
14 delete "Included in the above General Fund appropriation are funds to" and insert in lieu
15 thereof "The Auditor of Public Accounts may".
16 Section 53. On page 45 of 2006 Regular Session HB 380/EN, after line 9, insert
17 the following:
18 "**(6) Madison County Battlefield Park and Museum:** Included in the above
19 General Fund appropriation is $40,000 in fiscal year 2006-2007 and $40,000 in fiscal
20 year 2007-2008 to support the operations of the Madison County Battlefield Park and
21 Museum.".
22 Section 54. On page 77 of 2006 Regular Session HB 380/EN after line 23 insert
23 the following:
24 "**(1)** Included in the above General Fund appropriation is $1,200,000 in fiscal year
25 2006-2007 which shall be used to replace revenue previously raised through
26 assessments.".
27 Section 55. On page 77 line 24 of 2006 Regular Session HB 380/EN delete the

1 "**(1)**" and insert in lieu thereof "**(2)**", and on line 25, delete "a fee or" and insert in lieu
2 thereof "any" and after "assessment" insert "or new fee" and on line 26, place a "." after
3 "tracks" and delete the remainder of the sentence, and on line 27 delete the "**(2)**" and
4 insert in lieu thereof "**(3)**".

5 Section 56. On page 124, line 21 of 2006 Regular Session HB 380/EN, delete the
6 "." and on line 24 delete "institution" and insert in lieu thereof "institutions" and on line
7 25, delete "grant" and insert in lieu thereof "grants" and on line 25, delete "these funds"
8 and insert in lieu thereof "the $800,000".

9 Section 57. On page 173, lines 18 and 19 of 2006 Regular Session HB 380/EN
10 delete all language after the word "purchase" and insert in lieu thereof ", build, renovate
11 or make improvements for residential housing of children who are in or have completed
12 the treatment program."

13 Section 58. On page 197, line 7 of 2006 Regular Session HB 380/EN, delete
14 "1,250,000" and insert in lieu thereof "6,500,000".

15 Section 59. On page 207 of 2006 Regular Session HB 380/EN, after line 1, insert
16 the following:

17	"281. Lease-Purchase Pollution Controls			
18	Restricted Funds	-0-	10,000,000	-0-
19	282. Construct Gatton Building Complex - Phase I			
20	Other Funds	-0-	38,837,000	-0-
21	283. Lease-Purchase Hospital Dining Facilities & Equipment			
22	Restricted Funds	-0-	1,500,000	-0-
23	284. Lease-Purchase Student Center Bookstore Facility			
24	Restricted Funds	-0-	4,000,000	-0-
25	285. Renovate Blazer Hall Cafeteria			
26	Restricted Funds	-0-	4,500,000	-0-
27	286. Replace & Relocate WUKY PBS Antenna & Transmitter			

Restricted Funds	-0-	385,956	-0-
Federal Funds	-0-	317,084	-0-
Other Funds	-0-	160,000	-0-
TOTAL	-0-	863,040	-0-.

Section 60. On pages 249 and 250 of 2006 Regular Session HB 380/EN, delete lines 25 through 27 on page 249 and line 1 on page 250.

Section 61. On page 250 line 14 of 2006 Regular Session HB 380/EN, delete "City of Madisonville" and insert in lieu thereof "Dawson Springs".

Section 62. On page 277 of 2006 Regular Session HB 380/EN, after line 26, insert the following:

"018. Magoffin County Fiscal Court -		
North Magoffin Fire Department		
Mini-pumper truck	94,000	6,000
019. Magoffin County Fiscal Court		
Improvements - Pool and Canopy		
Construction	-0-	30,600".

Section 63. On page 292, line 26 of 2006 Regular Session HB 380/EN, delete "Joshua's Dream".

Section 64. On page 295, line 1 of 2006 Regular Session HB 380/EN, delete "Lower Lost Creek" and insert in lieu thereof "South Perry".

Section 65. On page 302, line 23 of 2006 Regular Session HB 380/EN, delete "Hazard" and insert in lieu thereof "Big Sandy" and insert "Pikeville Campus" before "Kentucky."

Section 66. On page 303, line 24 of 2006 Regular Session HB 380/EN, delete "Rockcastle County Fiscal Court - Broadhead" and insert in lieu thereof "City of Brodhead - Brodhead".

Section 67. On page 304, line 3 of 2006 Regular Session HB 380/EN, delete

1 "Rockcastle County Fiscal Court" and insert in lieu thereof "City of Livingston."
2 Section 68. On page 304, line 6 of 2006 Regular Session HB 380/EN, delete
3 "Rockcastle County Fiscal Court" and insert in lieu thereof "City of Mt. Vernon."
4 Section 69. On page 313, line 8 of 2006 Regular Session HB 380/EN, delete
5 "1,200,000" and insert in lieu thereof "1,000,000" and after line 8, insert the following:
6 "002. Hopkinsville Water Company - Sewer
7 Development for Forest Park
8 Bond Funds 200,000 -0-".
9 Section 70. On page 331, line 25 of 2006 Regular Session HB 380/EN, delete
10 "Rockcastle County Fiscal Court" and insert in lieu thereof "City of Mt. Vernon".
11 Section 71. On page 343, line 20 of 2006 Regular Session HB 380/EN, delete
12 "800,000" and insert in lieu thereof "500,000", and after line 20, insert the following:
13 "002. Carrollton Utilities - SX21041101 - Ghent
14 WWPT Elimination and Force Main
15 Bonds Funds 300,000 -0-.
16 Section 72. On page 349 line 15 of 2006 Regular Session HB 380/EN, delete
17 "WX21083034" and insert in lieu thereof "WX21083040".
18 Section 73. On page 355 line 7 of 2006 Regular Session HB 380/EN, delete "City
19 of Wilmore" and insert in lieu thereof "Jessamine-South Elkhorn Water District".
20 Section 74. On page 355 line 15 of 2006 Regular Session HB 380/EN, delete
21 "Jessamine County Fiscal Court" and insert in lieu thereof "Jessamine-South Elkhorn
22 Water District" and delete "Project" and insert in lieu thereof "Service connection from
23 Wilmore to Jessamine County EMS building".
24 Section 75. On page 355 line 17 of 2006 Regular Session HB 380/EN, delete
25 "Jessamine County Fiscal Court" and insert in lieu thereof "Jessamine-South Elkhorn
26 Water District".
27 Section 76. On page 358, lines 1 and 2 of 2006 Regular Session HB 380/EN,

1 delete all of line 1 after "003." and delete all of line 2 and insert in lieu thereof
2 "McKinney Water District - Water extension - connect Hustonville at Moreland".
3 Section 77. On page 358, lines 7 and 8 of 2006 Regular Session HB 380/EN,
4 delete all of line 7 after "005." and delete all of line 8 and insert in lieu thereof "Eubank
5 Water District - Water Extension in Lincoln County".
6 Section 78. On page 358 of 2006 Regular Session HB 380/EN, delete line 18.
7 Section 79. On page 368 line 16 of 2006 Regular Session HB 380/EN, delete
8 "150,000" and insert in lieu thereof "360,000".
9 Section 80. On page 368 of 2006 Regular Session HB 380/EN, delete lines 20
10 through 22, and on line 23 delete "004." and insert ".003" in lieu thereof.
11 Section 81. On page 375 lines 10 and 13 of 2006 Regular Session HB 380/EN,
12 delete "City of Springfield" in both places and in lieu thereof insert "Springfield Water
13 and Sewer Commission".
14 Section 82. On page 382, line 9 of 2006 Regular Session HB 380/EN, delete
15 "Building" and insert in lieu thereof "lighting and landscaping".
16 Section 83. On page 391, line 4 of 2006 Regular Session HB 380/EN, insert
17 "Fancy Farm" before "Sidewalk", and on line 5, delete "and Soccer Park Development."
18 Section 84. On page 391, line 6 of 2006 Regular Session HB 380/EN, delete
19 "300,000" and insert in lieu thereof "150,000" and after line 6, insert the following:
20 "005. Graves County Fiscal Court - Fairgrounds
21 Soccer Park Development
22 General Fund 150,000 -0-"
23 and on line 7, delete "005." and insert in lieu thereof "006.".
24 Section 85. On page 391, line 25 of 2006 Regular Session HB 380/EN, delete
25 "City of".
26 Section 86. On page 401, line 14 of 2006 Regular Session HB 380/EN, delete
27 "City of" and insert in lieu thereof "Mason County Fiscal Court - ".

1 Section 87. On page 402, line 1 of 2006 Regular Session HB 380/EN, delete
2 "Underground Railroad Museum" and insert in lieu thereof "Elijah Green Memorial".
3 Section 88. On page 411, line 25 of 2006 Regular Session HB 380/EN, after
4 "Cleanup" insert "and Footbridge Design and Construction".
5 Section 89. On page 412 after line 8 of 2006 Regular Session HB 380/EN, insert
6 "Fiscal Year 2005-2006 Funding", and delete line 9 and insert in lieu thereof the
7 following:
8 "General Fund 500,000 -0- -0-".
9 Section 90. On page 412 of 2006 Regular Session HB 380/EN, delete line 12 and
10 insert in lieu thereof "Expenses Associated with the 225th Anniversary Celebration of
11 Jack Jouett's Historic Ride, Land Acquisition, Renovation, Design, Construction and
12 Operating Expenses".
13 Section 91. The $25,000,000 Budget Reserve Trust Fund amount on page 422, line
14 13 of 2006 Regular Session HB 380/EN shall be adjusted by the Legislative Research
15 Commission to take into account legislation enacted subsequent to the passage of 2006
16 Reguular Session HB 380/EN.
17 Section 92. On page 555 of 2006 Regular Session HB 380/EN, after line 22, insert
18 the following:
19 b. An amount up to $800,000 shall be allowed as a necessary government
20 expense for use allowance, operating allowance, or furnishings if the Pendleton County
21 Courthouse is completed during the biennium.
22 Section 93. The Reviser of Statutes shall have the authority to make appropriate
23 changes or addenda to the Conference Budget Report for 2006 Regular Session House
24 Bill 380/FCCR, which is made a part of 2006 Regular Session House Joint Resolution 93
25 by Section 5 of that Act, to reflect any funds transfers, alterations, or amendments to the
26 provisions of 2006 Regular Session House Bill 380 in this Act.
27 Section 94. The following KRS section is repealed:

1 138.500 Payment of excise tax under protest -- Actions to recover tax paid - Refund.

2 Section 95. Whereas Sections 14 to 93 of this Act amend 2006 Regular Session
3 HB 380/EN, which takes effect upon passage and approval by the Governor or upon
4 otherwise becoming law, an emergency is declared to exist, and Sections 14 to 93 of this
5 Act take effect upon passage and approval by the Governor or upon otherwise becoming
6 law.

Speaker-House of Representatives

President of the Senate

Attest: _____
Chief Clerk of House of Representatives

Approved _____
Governor

Date _____