GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2011 REGULAR SESSION

HOUSE BILL NO. 255

FRIDAY, FEBRUARY 11, 2011

The following bill was reported to the Senate from the House and ordered to be printed.

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ELAINE N. WALKER
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

1 AN ACT relating to a health insurance tax exclusion, and declaring an emergency.

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

3 ➔Section 1. KRS 141.010 is amended to read as follows:

4 As used in this chapter, unless the context requires otherwise:

5 (1) "Commissioner" means the commissioner of the Department of Revenue;

6 (2) "Department" means the Department of Revenue;

7 (3) "Internal Revenue Code" means the Internal Revenue Code in effect on December
8 31, 2006, exclusive of any amendments made subsequent to that date, other than
9 amendments that extend provisions in effect on December 31, 2006, that would
10 otherwise terminate, and as modified by KRS 141.0101, except that for property
11 placed in service after September 10, 2001, only the depreciation and expense
12 deductions allowed under Sections 168 and 179 of the Internal Revenue Code in
13 effect on December 31, 2001, exclusive of any amendments made subsequent to
14 that date, shall be allowed, and including the provisions of the Military Family Tax
15 Relief Act of 2003, Pub. L. No. 108-121, effective on the dates specified in that
16 Act;

17 (4) "Dependent" means those persons defined as dependents in the Internal Revenue
18 Code;

19 (5) "Fiduciary" means "fiduciary" as defined in Section 7701(a)(6) of the Internal
20 Revenue Code;

21 (6) "Fiscal year" means "fiscal year" as defined in Section 7701(a)(24) of the Internal
22 Revenue Code;

23 (7) "Individual" means a natural person;

24 (8) "Modified gross income" means the greater of:

25 (a) Adjusted gross income as defined in Section 62 of the Internal Revenue Code
26 of 1986, including any subsequent amendments in effect on December 31 of
27 the taxable year, and adjusted as follows:

1. Include interest income derived from obligations of sister states and political subdivisions thereof; and
2. Include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or

(b) Adjusted gross income as defined in subsection (10) of this section and adjusted to include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);

(9) "Gross income," in the case of taxpayers other than corporations, means "gross income" as defined in Section 61 of the Internal Revenue Code;

(10) "Adjusted gross income," in the case of taxpayers other than corporations, means gross income as defined in subsection (9) of this section minus the deductions allowed individuals by Section 62 of the Internal Revenue Code and as modified by KRS 141.0101 and adjusted as follows, except that deductions shall be limited to amounts allocable to income subject to taxation under the provisions of this chapter, and except that nothing in this chapter shall be construed to permit the same item to be deducted more than once:

(a) Exclude income that is exempt from state taxation by the Kentucky Constitution and the Constitution and statutory laws of the United States and Kentucky;

(b) Exclude income from supplemental annuities provided by the Railroad Retirement Act of 1937 as amended and which are subject to federal income tax by Public Law 89-699;

(c) Include interest income derived from obligations of sister states and political subdivisions thereof;

(d) Exclude employee pension contributions picked up as provided for in KRS 6.505, 16.545, 21.360, 61.560, 65.155, 67A.320, 67A.510, 78.610, and 161.540 upon a ruling by the Internal Revenue Service or the federal courts

that these contributions shall not be included as gross income until such time as the contributions are distributed or made available to the employee;

(e) Exclude Social Security and railroad retirement benefits subject to federal income tax;

(f) Include, for taxable years ending before January 1, 1991, all overpayments of federal income tax refunded or credited for taxable years;

(g) Deduct, for taxable years ending before January 1, 1991, federal income tax paid for taxable years ending before January 1, 1990;

(h) Exclude any money received because of a settlement or judgment in a lawsuit brought against a manufacturer or distributor of "Agent Orange" for damages resulting from exposure to Agent Orange by a member or veteran of the Armed Forces of the United States or any dependent of such person who served in Vietnam;

(i) 1. For taxable years ending prior to December 31, 2005, exclude the applicable amount of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings 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

1 d. One hundred percent (100%), but not more than thirty-five
2 thousand dollars ($35,000), for taxable years beginning after
3 December 31, 1997.
4 2. For taxable years beginning after December 31, 2005, exclude up to
5 forty-one thousand one hundred ten dollars ($41,110) of total
6 distributions from pension plans, annuity contracts, profit-sharing plans,
7 retirement plans, or employee savings plans.
8 3. As used in this paragraph:
9 a. "Distributions" includes but is not limited to any lump-sum
10 distribution from pension or profit-sharing plans qualifying for the
11 income tax averaging provisions of Section 402 of the Internal
12 Revenue Code; any distribution from an individual retirement
13 account as defined in Section 408 of the Internal Revenue Code;
14 and any disability pension distribution;
15 b. "Annuity contract" has the same meaning as set forth in Section
16 1035 of the Internal Revenue Code; and
17 c. "Pension plans, profit-sharing plans, retirement plans, or employee
18 savings plans" means any trust or other entity created or organized
19 under a written retirement plan and forming part of a stock bonus,
20 pension, or profit-sharing plan of a public or private employer for
21 the exclusive benefit of employees or their beneficiaries and
22 includes plans qualified or unqualified under Section 401 of the
23 Internal Revenue Code and individual retirement accounts as
24 defined in Section 408 of the Internal Revenue Code;
25 (j) 1. a. Exclude the portion of the distributive share of a shareholder's net
26 income from an S corporation subject to the franchise tax imposed
27 under KRS 136.505 or the capital stock tax imposed under KRS

1 136.300; and
2 b. Exclude the portion of the distributive share of a shareholder's net
3 income from an S corporation related to a qualified subchapter S
4 subsidiary subject to the franchise tax imposed under KRS
5 136.505 or the capital stock tax imposed under KRS 136.300.
6 2. The shareholder's basis of stock held in a S corporation where the S
7 corporation or its qualified subchapter S subsidiary is subject to the
8 franchise tax imposed under KRS 136.505 or the capital stock tax
9 imposed under KRS 136.300 shall be the same as the basis for federal
10 income tax purposes;
11 (k) Exclude~~[for taxable years beginning after December 31, 1998]~~, to the extent
12 not already excluded from gross income, any amounts paid for health
13 insurance, or the value of any voucher or similar instrument used to provide
14 health insurance, which constitutes medical care coverage for the taxpayer, the
15 taxpayer's spouse, and dependents***, or for any person authorized to be***
16 ***provided excludable coverage by the taxpayer pursuant to the federal***
17 ***Patient Protection and Affordable Care Act of 2010, Pub. L. 111-148, or the***
18 ***Health Care and Education Reconciliation Act of 2010 Pub. L. 111-152,***
19 during the taxable year. Any amounts paid by the taxpayer for health
20 insurance that are excluded pursuant to this paragraph shall not be allowed as
21 a deduction in computing the taxpayer's net income under subsection (11) of
22 this section;
23 (l) Exclude income received for services performed as a precinct worker for
24 election training or for working at election booths in state, county, and local
25 primary, regular, or special elections;
26 (m) Exclude any amount paid during the taxable year for insurance for long-term
27 care as defined in KRS 304.14-600;

1 (n) Exclude any capital gains income attributable to property taken by eminent
2 domain;
3 (o) Exclude any amount received by a producer of tobacco or a tobacco quota
4 owner from the multistate settlement with the tobacco industry, known as the
5 Master Settlement Agreement, signed on November 22, 1998;
6 (p) Exclude any amount received from the secondary settlement fund, referred to
7 as "Phase II," established by tobacco companies to compensate tobacco
8 farmers and quota owners for anticipated financial losses caused by the
9 national tobacco settlement;
10 (q) Exclude any amount received from funds of the Commodity Credit
11 Corporation for the Tobacco Loss Assistance Program as a result of a
12 reduction in the quantity of tobacco quota allotted;
13 (r) Exclude any amount received as a result of a tobacco quota buydown program
14 that all quota owners and growers are eligible to participate in;
15 (s) Exclude state Phase II payments received by a producer of tobacco or a
16 tobacco quota owner;
17 (t) Exclude all income from all sources for active duty and reserve members and
18 officers of the Armed Forces of the United States or National Guard who are
19 killed in the line of duty, for the year during which the death occurred and the
20 year prior to the year during which the death occurred. For the purposes of this
21 paragraph, "all income from all sources" shall include all federal and state
22 death benefits payable to the estate or any beneficiaries; and
23 (u) For taxable years beginning on or after January 1, 2010, exclude all military
24 pay received by active duty members of the Armed Forces of the United
25 States, members of reserve components of the Armed Forces of the United
26 States, and members of the National Guard, including compensation for state
27 active duty as described in KRS 38.205;

1 (11) "Net income," in the case of taxpayers other than corporations, means adjusted
2 gross income as defined in subsection (10) of this section, minus:
3 (a) The standard deduction allowed by KRS 141.081, or, at the option of the
4 taxpayer, the deduction allowed by KRS 141.0202;
5 (b) Any amount paid for vouchers or similar instruments that provide health
6 insurance coverage to employees or their families;
7 (c) For taxable years beginning on or after January 1, 2010, the amount of
8 domestic production activities deduction calculated at six percent (6%) as
9 allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years
10 beginning before 2010; and
11 (d) 1. All the deductions allowed individuals by Chapter 1 of the Internal
12 Revenue Code as modified by KRS 141.0101 except:
13 a. Any deduction allowed by the Internal Revenue Code for state or
14 foreign taxes measured by gross or net income, including state and
15 local general sales taxes allowed in lieu of state and local income
16 taxes under the provisions of Section 164(b)(5) of the Internal
17 Revenue Code;
18 b. Any deduction allowed by the Internal Revenue Code for amounts
19 allowable under KRS 140.090(1)(h) in calculating the value of the
20 distributive shares of the estate of a decedent, unless there is filed
21 with the income return a statement that such deduction has not
22 been claimed under KRS 140.090(1)(h);
23 c. The deduction for personal exemptions allowed under Section 151
24 of the Internal Revenue Code and any other deductions in lieu
25 thereof;
26 d. For taxable years beginning on or after January 1, 2010, the
27 domestic production activities deduction allowed under Section

1 199 of the Internal Revenue Code;
2 e. Any deduction for amounts paid to any club, organization, or
3 establishment which has been determined by the courts or an
4 agency established by the General Assembly and charged with
5 enforcing the civil rights laws of the Commonwealth, not to afford
6 full and equal membership and full and equal enjoyment of its
7 goods, services, facilities, privileges, advantages, or
8 accommodations to any person because of race, color, religion,
9 national origin, or sex, except nothing shall be construed to deny a
10 deduction for amounts paid to any religious or denominational
11 club, group, or establishment or any organization operated solely
12 for charitable or educational purposes which restricts membership
13 to persons of the same religion or denomination in order to
14 promote the religious principles for which it is established and
15 maintained; and
16 f. Any deduction directly or indirectly allocable to income which is
17 either exempt from taxation or otherwise not taxed under this
18 chapter; and
19 2. Nothing in this chapter shall be construed to permit the same item to be
20 deducted more than once;
21 (12) "Gross income," in the case of corporations, means "gross income" as defined in
22 Section 61 of the Internal Revenue Code and as modified by KRS 141.0101 and
23 adjusted as follows:
24 (a) Exclude income that is exempt from state taxation by the Kentucky
25 Constitution and the Constitution and statutory laws of the United States;
26 (b) Exclude all dividend income received after December 31, 1969;
27 (c) Include interest income derived from obligations of sister states and political

1 subdivisions thereof;
2 (d) Exclude fifty percent (50%) of gross income derived from any disposal of coal
3 covered by Section 631(c) of the Internal Revenue Code if the corporation
4 does not claim any deduction for percentage depletion, or for expenditures
5 attributable to the making and administering of the contract under which such
6 disposition occurs or to the preservation of the economic interests retained
7 under such contract;
8 (e) Include in the gross income of lessors income tax payments made by lessees
9 to lessors, under the provisions of Section 110 of the Internal Revenue Code,
10 and exclude such payments from the gross income of lessees;
11 (f) Include the amount calculated under KRS 141.205;
12 (g) Ignore the provisions of Section 281 of the Internal Revenue Code in
13 computing gross income;
14 (h) Exclude income from "safe harbor leases" (Section 168(f)(8) of the Internal
15 Revenue Code);
16 (i) Exclude any amount received by a producer of tobacco or a tobacco quota
17 owner from the multistate settlement with the tobacco industry, known as the
18 Master Settlement Agreement, signed on November 22, 1998;
19 (j) Exclude any amount received from the secondary settlement fund, referred to
20 as "Phase II," established by tobacco companies to compensate tobacco
21 farmers and quota owners for anticipated financial losses caused by the
22 national tobacco settlement;
23 (k) Exclude any amount received from funds of the Commodity Credit
24 Corporation for the Tobacco Loss Assistance Program as a result of a
25 reduction in the quantity of tobacco quota allotted;
26 (l) Exclude any amount received as a result of a tobacco quota buydown program
27 that all quota owners and growers are eligible to participate in;

1 (m) For taxable years beginning after December 31, 2004, and before January 1,
2 2007, exclude the distributive share income or loss received from a
3 corporation defined in subsection (24)(b) of this section whose income has
4 been subject to the tax imposed by KRS 141.040. The exclusion provided in
5 this paragraph shall also apply to a taxable year that begins prior to January 1,
6 2005, if the tax imposed by KRS 141.040 is paid on the distributive share
7 income by a corporation defined in subparagraphs 2. to 8. of subsection
8 (24)(b) of this section with a return filed for a period of less than twelve (12)
9 months that begins on or after January 1, 2005, and ends on or before
10 December 31, 2005. This paragraph shall not be used to delay payment of the
11 tax imposed by KRS 141.040; and
12 (n) Exclude state Phase II payments received by a producer of tobacco or a
13 tobacco quota owner;
14 (13) "Net income," in the case of corporations, means "gross income" as defined in
15 subsection (12) of this section minus:
16 (a) The deduction allowed by KRS 141.0202;
17 (b) Any amount paid for vouchers or similar instruments that provide health
18 insurance coverage to employees or their families;
19 (c) For taxable years beginning on or after January 1, 2010, the amount of
20 domestic production activities deduction calculated at six percent (6%) as
21 allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years
22 beginning before 2010; and
23 (d) All the deductions from gross income allowed corporations by Chapter 1 of
24 the Internal Revenue Code and as modified by KRS 141.0101, except:
25 1. Any deduction for a state tax which is computed, in whole or in part, by
26 reference to gross or net income and which is paid or accrued to any
27 state of the United States, the District of Columbia, the Commonwealth

1 of Puerto Rico, any territory or possession of the United States, or to any
2 foreign country or political subdivision thereof;
3 2. The deductions contained in Sections 243, 244, 245, and 247 of the
4 Internal Revenue Code;
5 3. The provisions of Section 281 of the Internal Revenue Code shall be
6 ignored in computing net income;
7 4. Any deduction directly or indirectly allocable to income which is either
8 exempt from taxation or otherwise not taxed under the provisions of this
9 chapter, and nothing in this chapter shall be construed to permit the
10 same item to be deducted more than once;
11 5. Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of
12 the Internal Revenue Code);
13 6. Any deduction for amounts paid to any club, organization, or
14 establishment which has been determined by the courts or an agency
15 established by the General Assembly and charged with enforcing the
16 civil rights laws of the Commonwealth, not to afford full and equal
17 membership and full and equal enjoyment of its goods, services,
18 facilities, privileges, advantages, or accommodations to any person
19 because of race, color, religion, national origin, or sex, except nothing
20 shall be construed to deny a deduction for amounts paid to any religious
21 or denominational club, group, or establishment or any organization
22 operated solely for charitable or educational purposes which restricts
23 membership to persons of the same religion or denomination in order to
24 promote the religious principles for which it is established and
25 maintained;
26 7. Any deduction prohibited by KRS 141.205;
27 8. Any dividends-paid deduction of any captive real estate investment trust;

1 and

2 9. For taxable years beginning on or after January 1, 2010, the domestic
3 production activities deduction allowed under Section 199 of the
4 Internal Revenue Code;

5 (14) (a) "Taxable net income," in the case of corporations that are taxable in this state,
6 means "net income" as defined in subsection (13) of this section;

7 (b) "Taxable net income," in the case of corporations that are taxable in this state
8 and taxable in another state, means "net income" as defined in subsection (13)
9 of this section and as allocated and apportioned under KRS 141.120. A
10 corporation is taxable in another state if, in any state other than Kentucky, the
11 corporation is required to file a return for or pay a net income tax, franchise
12 tax measured by net income, franchise tax for the privilege of doing business,
13 or corporate stock tax;

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

20 (d) "Taxable net income," in the case of a corporation that meets the requirements
21 established under Section 856 of the Internal Revenue Code to be a real estate
22 investment trust, means "real estate investment trust taxable income" as
23 defined in Section 857(b)(2) of the Internal Revenue Code, except that a
24 captive real estate investment trust shall not be allowed any deduction for
25 dividends paid;

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

1 (16) "Taxable year" means the calendar year or fiscal year ending during such calendar
2 year, upon the basis of which net income is computed, and in the case of a return
3 made for a fractional part of a year under the provisions of this chapter or under
4 regulations prescribed by the commissioner, "taxable year" means the period for
5 which the return is made;
6 (17) "Resident" means an individual domiciled within this state or an individual who is
7 not domiciled in this state, but maintains a place of abode in this state and spends in
8 the aggregate more than one hundred eighty-three (183) days of the taxable year in
9 this state;
10 (18) "Nonresident" means any individual not a resident of this state;
11 (19) "Employer" means "employer" as defined in Section 3401(d) of the Internal
12 Revenue Code;
13 (20) "Employee" means "employee" as defined in Section 3401(c) of the Internal
14 Revenue Code;
15 (21) "Number of withholding exemptions claimed" means the number of withholding
16 exemptions claimed in a withholding exemption certificate in effect under KRS
17 141.325, except that if no such certificate is in effect, the number of withholding
18 exemptions claimed shall be considered to be zero;
19 (22) "Wages" means "wages" as defined in Section 3401(a) of the Internal Revenue
20 Code and includes other income subject to withholding as provided in Section
21 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code;
22 (23) "Payroll period" means "payroll period" as defined in Section 3401(b) of the
23 Internal Revenue Code;
24 (24) (a) For taxable years beginning before January 1, 2005, and after December 31,
25 2006, "corporation" means "corporation" as defined in Section 7701(a)(3) of
26 the Internal Revenue Code; and
27 (b) For taxable years beginning after December 31, 2004, and before January 1,

1 2007, "corporations" means:
2 1. "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue
3 Code;
4 2. S corporations as defined in Section 1361(a) of the Internal Revenue
5 Code;
6 3. A foreign limited liability company as defined in KRS 275.015;
7 4. A limited liability company as defined in KRS 275.015;
8 5. A professional limited liability company as defined in KRS 275.015;
9 6. A foreign limited partnership as defined in KRS 362.2-102(9);
10 7. A limited partnership as defined in KRS 362.2-102(14);
11 8. A limited liability partnership as defined in KRS 362.155(7) or in 362.1-
12 101(7) or (8);
13 9. A real estate investment trust as defined in Section 856 of the Internal
14 Revenue Code;
15 10. A regulated investment company as defined in Section 851 of the
16 Internal Revenue Code;
17 11. A real estate mortgage investment conduit as defined in Section 860D of
18 the Internal Revenue Code;
19 12. A financial asset securitization investment trust as defined in Section
20 860L of the Internal Revenue Code; and
21 13. Other similar entities created with limited liability for their partners,
22 members, or shareholders.
23 For purposes of this paragraph, "corporation" shall not include any publicly
24 traded partnership as defined by Section 7704(b) of the Internal Revenue Code
25 that is treated as a partnership for federal tax purposes under Section 7704(c)
26 of the Internal Revenue Code or its publicly traded partnership affiliates. As
27 used in this paragraph, "publicly traded partnership affiliates" shall include

1 any limited liability company or limited partnership for which at least eighty
2 percent (80%) of the limited liability company member interests or limited
3 partner interests are owned directly or indirectly by the publicly traded
4 partnership;
5 (25) "Doing business in this state" includes but is not limited to:
6 (a) Being organized under the laws of this state;
7 (b) Having a commercial domicile in this state;
8 (c) Owning or leasing property in this state;
9 (d) Having one (1) or more individuals performing services in this state;
10 (e) Maintaining an interest in a pass-through entity doing business in this state;
11 (f) Deriving income from or attributable to sources within this state, including
12 deriving income directly or indirectly from a trust doing business in this state,
13 or deriving income directly or indirectly from a single-member limited
14 liability company that is doing business in this state and is disregarded as an
15 entity separate from its single member for federal income tax purposes; or
16 (g) Directing activities at Kentucky customers for the purpose of selling them
17 goods or services.
18 Nothing in this subsection shall be interpreted in a manner that goes beyond the
19 limitations imposed and protections provided by the United States Constitution or
20 Pub. L. No. 86-272;
21 (26) "Pass-through entity" means any partnership, S corporation, limited liability
22 company, limited liability partnership, limited partnership, or similar entity
23 recognized by the laws of this state that is not taxed for federal purposes at the
24 entity level, but instead passes to each partner, member, shareholder, or owner their
25 proportionate share of income, deductions, gains, losses, credits, and any other
26 similar attributes;
27 (27) "S corporation" means "S corporation" as defined in Section 1361(a) of the Internal

1 Revenue Code;
2 (28) "Limited liability pass-through entity" means any pass-through entity that affords
3 any of its partners, members, shareholders, or owners, through function of the laws
4 of this state or laws recognized by this state, protection from general liability for
5 actions of the entity; and
6 (29) "Captive real estate investment trust" means a real estate investment trust as defined
7 in Section 856 of the Internal Revenue Code that meets the following requirements:
8 (a) 1. The shares or other ownership interests of the real estate investment trust
9 are not regularly traded on an established securities market; or
10 2. The real estate investment trust does not have enough shareholders or
11 owners to be required to register with the Securities and Exchange
12 Commission; and
13 (b) 1. The maximum amount of stock or other ownership interest that is owned
14 or constructively owned by a corporation equals or exceeds:
15 a. Twenty-five percent (25%), if the corporation does not occupy
16 property owned, constructively owned, or controlled by the real
17 estate investment trust; or
18 b. Ten percent (10%), if the corporation occupies property owned,
19 constructively owned, or controlled by the real estate investment
20 trust.
21 The total ownership interest of a corporation shall be determined by
22 aggregating all interests owned or constructively owned by a
23 corporation;
24 2. For the purposes of this paragraph:
25 a. "Corporation" means a corporation taxable under KRS 141.040,
26 and includes an affiliated group as defined in KRS 141.200, that is
27 required to file a consolidated return pursuant to the provisions of

1 KRS 141.200; and
2 b. "Owned or constructively owned" means owning shares or having
3 an ownership interest in the real estate investment trust, or owning
4 an interest in an entity that owns shares or has an ownership
5 interest in the real estate investment trust. Constructive ownership
6 shall be determined by looking across multiple layers of a
7 multilayer pass-through structure; and
8 (c) The real estate investment trust is not owned by another real estate investment
9 trust.
10 ➔Section 2. The provisions of this Act apply for taxable years beginning on or
11 after January 1, 2011.
12 ➔Section 3. Whereas a significant difference exists between the methods for
13 determining taxable employee wages for Kentucky purposes and for federal purposes,
14 resulting in significant hardship for Kentucky employers in determining how to account
15 for employee wages, an emergency is declared to exist, and this Act takes effect upon its
16 passage and approval by the Governor or upon its otherwise becoming a law.

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 3-16-11